Uncovering strategic entrepreneurship:

An examination of theory and practice

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List of Abbreviations

ANZ	Australia and New Zealand Banking Group Limited
BBC	British Broadcasting Corporation
GEM	Global Entrepreneurship Monitor
Kiwibank	Kiwibank Limited
MetService	Meteorological Service of New Zealand Limited
NZ Post	New Zealand Post Limited
OECD	Organisation for Economic Co-operation and Development
Qantas	Qantas Airways Limited
Quotable Value	Quotable Value New Zealand Limited
SOE	State-Owned Enterprise
TVNZ	Television New Zealand Limited

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Attestation of authorship

I hereby declare that this submission is my own work and that, to the best of my knowledge and belief, it contains no material previously published or written by another person (except where explicitly defined in the acknowledgements), nor material which to a substantial extent has been submitted for the award of any other degree or diploma of a university or other institution of higher learning.

Belinda Luke

Acknowledgements

Abstract

The combination of entrepreneurship and strategy is gaining increasing recognition as a pathway for growth within both individual organisations and national economies. Hence the benefits emerge from both a micro and macro economic perspective. Essentially, however, research on strategic entrepreneurship, being the intersection of entrepreneurship and strategy remains in the early stages. While the benefits of combining entrepreneurship and strategy are well established, specific details and underlying elements of strategic entrepreneurship as a concept remain under-developed and unsubstantiated. Prevailing models of strategic entrepreneurship are limited in number, conceptual in nature, and do not yet have practical or empirical support. Thus the question arises as to what constitutes strategic entrepreneurship?

In order to address this issue a preliminary framework of strategic entrepreneurship is derived from the literature on both entrepreneurship and strategy, in order to identify the intersection of the two. This framework is then examined in the context of activity which is recognised as both entrepreneurial and strategic within three state-owned enterprises. Thus the research question addressed is:

What constitutes strategic entrepreneurship in both theory and practice in the context of SOEs?

Based on this examination, six elements are identified as central to strategic entrepreneurship, being opportunity identification, innovation, acceptance of risk, flexibility, vision, and growth. Additional findings uncovered inductively from the data reveal a number of supporting elements which foster strategic entrepreneurship, including strategy, culture (encompassing both people and confidence), branding, operational excellence, cost efficiency, and transfer and application of knowledge.

Thus, an enhanced understanding of strategic entrepreneurship as a concept is obtained, being activity which is both entrepreneurial and strategic in nature, and characterised by the integration of the six core elements. Findings indicate strategic entrepreneurship is a concept not bound by context, and thus, may be applied to various forms of business. Such businesses which do create strategic entrepreneurship activity and are able to maintain a balance of the core elements over time have the potential for both competitive advantage and wealth creation.

Chapter 1

1. Introduction

Entrepreneurial activity is one of the most fundamental forces associated with economic change. Understanding these mechanisms, however, has remained elusive for researchers and policymakers (Reynolds, Bygrave, Autio, Arenius, Fitsimmons, Minniti et al., 2004, p. vii).

1.1 Introduction

The combined study of entrepreneurship and strategy is increasingly recognised as a pathway for economic growth. Recent studies in this area include the "Global Entrepreneurship Monitor (GEM) Report" (Reynolds et al., 2004) and "Growing an innovative New Zealand" (New Zealand Government, 2002), both of which focus on the strategic importance of fostering entrepreneurial activity from a micro and macro economic perspective. Essentially, however, little is understood on the combination of entrepreneurship and strategy, and the more recent notion of *strategic entrepreneurship*, commonly referred to as the intersection of the two (Hitt, Ireland, Camp, & Sexton, 2001). This is perhaps not surprising, given that studies which address strategy and entrepreneurship as separate concepts, dating back to the works of General Ulysses Grant in the 1860s and Adam Smith in the 1700s, have yet to establish accepted definitions for these concepts. Ultimately, this raises the question as to what constitutes strategic entrepreneurship.

As noted by Hitt et al. (2001), while the fields of strategy and entrepreneurship have developed significantly as independent concepts, both focus on adapting to environmental change and exploiting opportunities, albeit from different points of view. Thus a need for the integration of strategic and entrepreneurial thinking is identified (McGrath & MacMillan, 2000; Venkataraman & Sarasvathy, 2001).

Based on the literature in the disciplines of strategy, management, and strategic entrepreneurship in particular (Covin & Slevin, 1989; Ireland, Hitt, & Sirmon, 2003), various conclusions are often made at the beginning of a study regarding what constitutes entrepreneurship, and these conclusions used as a foundation for examining strategic entrepreneurship. As noted by Bahaee and Prasad (1992), however, the conclusions on entrepreneurship in the context of strategic entrepreneurship research are often inconsistent and unsubstantiated. This is particularly relevant to management studies which associate entrepreneurship with small business and new

business creation (Covin & Slevin, 1989; Glancey & McQuaid, 2000). Hence it becomes necessary as an initial step, to consider the concept of entrepreneurship based on studies by academics and professionals specifically in the field of entrepreneurship. Based on these findings, the principles of entrepreneurship can then be considered and applied to studies in the sphere of management and the findings of academics specialising in this field, in order to determine what constitutes strategic entrepreneurship.

Essentially the aim of this study is to determine what constitutes strategic entrepreneurship in both theory and practice. Based on analysis of existing literature, a theoretical framework of strategic entrepreneurship will be derived comprising propositions drawn from the findings of such analysis. This framework will then be examined in the context of business activity and strategy within three separate organisations to examine practical support for the framework in the first instance, as well as develop and refine the framework based on knowledge gained inductively from an examination and comparison of the practical data and findings. Essentially the proposed framework and practical-based findings can be used as both a basis for further research, and as a means to guide activity which is both entrepreneurial and strategic.

1.2 Background

Based on the "Global Entrepreneurship Monitor (GEM) Global Report" for 2003 (Reynolds et al., 2004), New Zealand is ranked fifth in the global listing of entrepreneurial countries. This report provides an assessment of the national level of entrepreneurial activity for more than 40 countries, examining total entrepreneurial activity (TEA), firm-level entrepreneurial activity (FEA), and structural support for entrepreneurial activity.

In particular, the 2003 GEM Global Report notes there is a positive, statistically significant association between national economic growth and the national level of entrepreneurial activity. This is consistent with numerous studies which identify both economic and non-economic benefits arising from entrepreneurship. Such benefits include increased levels of innovation, productivity, and employment (Longenecker, McKinney, & Moore, 1988), creation of value through jobs, civic leadership, and hard work (Ward & Aronoff, 1993).

Specifically, Cornwall and Naughton (2003) refer to economic change within the United States during the 1990's as "a fundamental transformation in an economy rooted in, and fuelled by entrepreneurial development" (p. 61). Timmons (1999) supports this, noting that Fortune 500 companies accounted for 20 per cent of employment within the United States in 1980. By the late 1990s, this figure had decreased to seven per cent of employment. During this time new business represented 77 per cent of new jobs created, while Fortune 500 companies lost 5 million jobs. Hence the increasing importance of entrepreneurship within a country's economy is noted.

The GEM Global Report continues by referring to entrepreneurship as "one of the most important and dynamic forces shaping the economic landscape" (Reynolds et al., 2004, p. vii), but notes the causes and impacts of the phenomena are still only poorly understood. As such, policy makers lack the resources to shape effective and appropriate policies in order to foster entrepreneurship. Given the importance of entrepreneurship, then, and the significant impact of business activity on a country's economy, arguably an enhanced understanding of a more systematic or strategic approach towards entrepreneurial activity offers significant benefits. The potential for benefit through combining entrepreneurship and strategy is clearly noted within the literature (Burgelman, 1983; Miller, 1983; Venkataraman & Sarasvathy, 2001). In particular Burgelman (1983) refers to the need for both diversity and order, suggesting entrepreneurial activity provides such diversity; strategy provides the necessary order. Venkataraman and Sarasvathy (2001) go further to suggest entrepreneurship and strategy are conceptually inseparable; "two sides of the same coin" (p. 651). They compare entrepreneurship without strategy to Romeo without a balcony. Thus, the importance of combining the two concepts is well established. Surprisingly, however, only limited study has been undertaken in an area such as strategic entrepreneurship to specifically examine the intersection of business strategy and entrepreneurial activity.

Interestingly much of the literature on the topic of combining entrepreneurship and strategy focuses on government policy as a source of guidance and direction for the private business sector. Few, however, have considered the issue of governments fostering entrepreneurship through leading by example. Thus, a practical examination of strategic entrepreneurship within this study focuses specifically on this area: government organisations employing strategic entrepreneurship in practice. Specifically this study aims to explore the notion of strategic entrepreneurship by examining activity within three State-Owned Enterprises (SOEs) which is perhaps reflective of New Zealand's GEM Global Report ranking, in order to gain a better understanding of what constitutes strategic entrepreneurship.

1.3 Problem orientation

Entrepreneurship has been associated with numerous concepts such as innovation (Schumpeter, 1934), social and economic change (Barth, 1969, Menger 1982), risk (Knight, 1921), and reward (Hawley, 1901; McClelland, 1962). Strategic entrepreneurship, referred to as the intersection of entrepreneurship and strategy (Hitt et al., 2001) is identified as encompassing elements such as governance and top management teams (Ireland, Hitt, Camp, & Sexton, 2001), networking and internationalisation (Hitt et al., 2001). As such, there seems to be a significant difference between the two concepts. The question arises, however, as to whether these concepts are really so different in both theory and practice. In order to address this issue, the notion of strategic entrepreneurship is examined, beginning with an analysis of both entrepreneurship and strategy as separate concepts, before reviewing the development of strategic entrepreneurship. Thus, the first objective is to examine entrepreneurship and to a lesser extent, strategy as separate topics before considering the intersection of the two.

A brief overview of the emergence of strategic entrepreneurship reveals the roots of this construct lie originally in the field of economics (Knight, 1921; Schumpeter, 1934) and later in the field of management (Drucker, 1985; Mintzberg, 1973) research. Studies in the area of strategic management in particular, have gradually uncovered the relationship between strategic management and entrepreneurship. In particular Mintzberg (1973) introduced the notion of entrepreneurial strategy making; Pinchot (1985) examined *intrapreneurship*; Covin and Slevin (1989) presented the concept of an *entrepreneurial strategic posture* within organisations, referring to both strategic decisions and an operating management philosophy which incorporates an entrepreneurial focus. Lumpkin and Dess (1996) extended this concept introducing the *entrepreneurial orientation* construct, which they identify as the tendency of organisations to engage in innovative, risk accepting, and proactive practices or strategies.

As research continues, the nexus between entrepreneurship and strategy is explored. Hitt et al. (2001) suggest strategic management involves the actions, decisions, and commitments, designed to achieve competitive advantage; earn above average returns. Stopford (2001) emphasizes the aspect of decision-making within strategic management, noting that it requires choices to be made against competing objectives, and Ireland et al. (2001) extend and further broaden this concept to interpret strategic management as a context for entrepreneurial actions.

Thus, the relationship between strategic management and entrepreneurial activity emerges.

Management studies on this topic continue to explore the nexus between and commonalities of entrepreneurship and strategy. Ireland et al. (2001) for example, identify six domains which are relevant to both entrepreneurship and strategic management, such that activity in these areas can be jointly classified as both entrepreneurial and strategic. Hence the intersection of strategic management and entrepreneurship is identified. Specifically, Ireland et al.'s (2001) six domains include innovation, networks, internationalisation, organisational learning, growth, top management teams and governance. These were subsequently revised by Hitt et al. (2001) to include external networks and alliances, resources and organisational learning, innovation and internationalisation.

Essentially the study of strategic entrepreneurship involves the combination of actions distinctly entrepreneurial: *focusing on opportunity*, with actions essentially of a strategic management nature: *creating competitive advantage* (Hitt, Ireland, Camp, & Sexton, 2002). This is what Meyer, Neck, and Meeks (2002) refer to as the creation-performance relationship. Certainly there are elements of entrepreneurship reflected in the theories put forward by Hitt et al. (2001) and Ireland et al. (2001). Arguably, however, the development of strategic entrepreneurship research from a predominantly management-orientated perspective has produced findings which are perhaps unnecessarily detached from the core principles of entrepreneurship.

Based on the above, the value of understanding strategic entrepreneurship is acknowledged, but essentially an understanding of the concept remains elusive. Thus, in order to address this, the fundamental principles of entrepreneurship are considered in the first instance, and then used as a basis from which to derive a relatively simple, perhaps more representative framework of strategic entrepreneurship.

1.4 Research question

The focus of this research is strategic entrepreneurship in both theory and practice, in the context of SOEs. While existing research on the topic of strategic entrepreneurship is rooted in management, it does incorporate elements commonly associated with entrepreneurship, such as

growth (Ireland et al., 2001) and innovation (Hitt et al., 2001; Ireland et al., 2001). However, the scope of strategic entrepreneurship based on management orientated literature, has at times expanded to incorporate additional elements which are perhaps unnecessarily removed or detached from the core elements of entrepreneurship such as networks and alliances (Hitt et al,. 2001), and in other aspects narrowed to specify particular forms of growth, such as internationalisation (Hitt et al., 2001; Ireland et al., 2001).

Examination of existing research also reveals a distinct emphasis on conceptual models, and a notable absence of empirical or practical support for such theories. Accordingly, the question arises as to whether this literature appropriately reflects the fundamental elements of strategic entrepreneurship in theory, and whether such theory is consistent with strategic entrepreneurship as recognised in the context of current business practice. By examining this issue within the context of three SOEs, the research question to be addressed is:

> *What constitutes strategic entrepreneurship: how is it identified in theory and recognised in practice in the context of SOEs?*

Given the broad nature of strategic entrepreneurship and the limited understanding of this construct, the research topic will be considered in the context of government organisations, or more specifically SOEs. This will allow examination of strategic entrepreneurship in a particular context, such that initial findings can be established and later compared with and applied to other business contexts in future research. Thus, the specific objectives of this study are to examine entrepreneurship and to a lesser extent strategy as separate topics in order to identify the point of intersection between the two. Based on the findings from this examination, the second objective of this study is to establish a preliminary framework of strategic entrepreneurship which appropriately reflects the underlying elements of entrepreneurship and strategy, based on existing literature. The third objective of this study is to examine activity recognised as both strategic and entrepreneurial within three SOEs, for the purposes of investigating the application of strategic entrepreneurship within a government organisation context. This investigation is particularly relevant given the increasing debate on the role of government in fostering entrepreneurial activity (Moe, 1994), and the potential for government to adopt entrepreneurship in business practice (Weinstock, 2004). Such examination will provide a basis against which the preliminary framework can be compared, as well as the opportunity to consider findings identified inductively from an examination of strategic entrepreneurship in practice, which effectively serve

to develop and refine the framework. Thus, through a combination of deductive and inductive research, a framework reflecting the nature of strategic entrepreneurship within SOEs may be established. Conclusions drawn from this study do not necessarily attempt to directly generalise findings to all businesses, but rather to establish a clear framework of strategic entrepreneurship within SOEs which may be used as a basis for further research.

While existing literature focuses on strategic entrepreneurship at the corporate level, arguably the principles of entrepreneurial activity apply to all levels and forms of business. Accordingly, it is necessary to consider not only what constitutes strategic entrepreneurship, but also the contexts in which it may apply. Hence as part of the overriding question of what constitutes strategic entrepreneurship in the context of SOEs, a number of issues will be considered including the elements which are fundamental to the notion of strategic entrepreneurship, and whether these elements are so far removed from the fundamental elements of entrepreneurship; the scope of strategic entrepreneurship, and whether it is limited to business activity at the corporate level or applies broadly to all levels and forms of business activity; and the conditions required to maintain strategic entrepreneurship, once established. These issues will be addressed in the course of this study.

1.5 Research Method

In order to examine these issues in detail, the research approach incorporates both interpretivism (Putnam, 1983) and critical realism (Bhaskar, 1989) to identify and translate the underlying elements of strategic entrepreneurship, while also questioning existing theory on this topic, and exposing anomalies and inconsistencies. The research design is essentially a qualitative one (Nachmias & Nachmias, 1997), investigating the phenomena of strategic entrepreneurship in detail by addressing the *how* and *why* questions (Cohen, Manion, & Morrison, 2000); keeping an open mind while fostering new lines of enquiry (Allen, 1991); conducting *inquiry from the inside* (Evered & Louis, 1981).

Through a combination of inductive and deductive research (Blaikie, 1995) findings from practical data on activity which is considered both entrepreneurial and strategic within three SOEs are compared with the proposed and established frameworks of strategic entrepreneurship.

Specifically, case study analysis is employed to examine such activity and identify the underlying elements and surrounding issues; "the relationship between the system and its context and...the relationship and interactions within the system" (Rose, 1991, p. 191). Individual cases incorporate a range of data from focused interviews, documentary analysis, and observation, and examine changes and developments in the relevant activities over a six month period. Thus triangulation (Yin, 1993) and a longitudinal perspective (Low & MacMillan, 1988) are facilitated through collection and analysis of data within this study.

A comparison of the findings between individual cases, and comparison of collective case study findings with theory, will provide the opportunity to consider the level of practical support for the proposed framework, refine and extend the framework, as well as re-examine established theory to effectively enhance the understanding of strategic entrepreneurship.

1.6 Structure of thesis

The following chapters of this study examine the emergence of strategic entrepreneurship in theory and practice. *Chapter 2* reviews the research undertaken on entrepreneurship from a range of perspectives including economics, psychology, and anthropology. An overview is then presented of strategy and strategic management, and the intersection with entrepreneurship, which serves as the foundation for the development of strategic entrepreneurship. *Chapter 3* draws on the fundamental principles of strategic entrepreneurship and the limitations of specific studies on entrepreneurial strategy posed by various researchers to derive a number of propositions which form the basis of a preliminary framework of strategic entrepreneurship. *Chapter 4* outlines the methodology of this study, which is applied in examining the proposed framework in a practical business context. Specifically a methodology involving data triangulation within a case study approach is explored in further detail. Findings from this examination, involving case studies on activities and opportunities recognised as both entrepreneurial and strategic within three separate SOEs, are detailed in Chapters 5 to 7. In particular, activity within Meteorological Service of New Zealand Limited (MetService) in *Chapter 5*, New Zealand Post Limited (NZ Post) in *Chapter 6*, and Quotable Value New Zealand Limited (Quotable Value) in *Chapter 7*, are examined to consider the underlying themes and concepts which are central to and supportive of strategic entrepreneurship activity. *Chapter 8* of this study presents a

discussion of the findings through a comparison of the individual case studies, and considers both core and supporting elements of strategic entrepreneurship within the context of SOEs, as well as comparing such findings to the literature on strategic entrepreneurship. The final chapter of this study, *Chapter 9*, presents brief conclusions from the study, highlighting significant findings, research implications for both theory and practice, limitations within the study, and areas for further research.

Chapter 2

2. Literature review

2. 1 Introduction

As noted previously, an understanding of both entrepreneurship and strategy is widely viewed as a key to organisational success and economic growth (Cornwall & Naughton, 2003; Hitt et al., 2001; Reynolds et al., 2004; Timmons, 1999). Hence the importance of these constructs is noted from both a micro and macro economic perspective. Essentially these constructs represent the foundations of strategic entrepreneurship, a topic on which limited research has been conducted. Thus in order to obtain an understanding of strategic entrepreneurship, it is first necessary to consider literature on each of the founding concepts, before proceeding to an examination of previous research specifically addressing the intersection of the two; strategic entrepreneurship.

Accordingly, this chapter presents an overview of research undertaken on entrepreneurship from a range of perspectives including, economics, psychology, and anthropology. The scope of this review is then extended to address the topics of strategy, strategic management, and the emergence of strategic entrepreneurship from these founding concepts. An examination of strategic entrepreneurship follows, encompassing contemporary views and frameworks, together with an examination of underlying themes within those frameworks. A comparison of the underlying themes from both entrepreneurship and strategy literature is subsequently presented in order to identify the elements fundamental to strategic entrepreneurship. The limitations of existing research are then considered, followed by a review of recent developments within the literature, and the limitations which remain. The final section provides a brief summary of the findings from the literature review, indicating the direction this research assumes.

2.2 Examining entrepreneurship

The term *entrepreneur* originates from the French word *entreprendre*, meaning "to undertake". It has been examined in detail by academics, researchers, and industry professionals, although, to date there is still no consensus on the definition of entrepreneur, and the elements which

characterise entrepreneurship (Beaver, 2003; Hitt et al, 2001; Shane, 2003; Shane & Venkataraman, 2000). Shane (2003) argues that the absence of a coherent and consistent conceptual framework for entrepreneurship is due to researchers considering only one part of the entrepreneurial process, rather than all relevant aspects collectively. Thus the question remains as to what defines entrepreneurship.

The Concise Oxford Dictionary (Allen, 1990) defines an entrepreneur as "a person who undertakes an enterprise or business with the chance of profit or loss; a contractor acting as an intermediary; the person taking effective control of a commercial undertaking". Theories vary in their acceptance of this definition with respect to the different emphasis on aspects of entrepreneurial interpretation. Such elements include the necessity of risk as a dominant aspect (Cantillon, 1755), representation or meaning of profit (Hawley, 1901), the significance of personal attributes inherent (McClelland, 1962) or acquired (McMullan & Gillin, 2001), and the importance of the environment and the opportunities it presents (Acs & Audretsch, 2003).

Thus, in an effort to address the question of what defines entrepreneurship, a brief overview of the various schools of thought which have evolved over the past 300 years from classical economists to contemporary psychologists, is detailed in the following section. Thereafter, entrepreneurship is defined.

2.2.1 Economic perspective of entrepreneurship theory

The British school of the 1700s associated entrepreneurs with capitalists. Profit was viewed as a reward for investing and risking capital, rather than strategic decision making (Smith, 1776). Cantillon (1755) contributed to the French school's view of entrepreneurs as those trading for profit, and exercising judgment in the face of uncertainty. Thus, a distinction was made between capitalists and entrepreneurs, by identifying entrepreneurs as risk takers, assuming a level of risk unknown.

Classical economists of the American school in the 1800s viewed entrepreneurs as creators of wealth, and contended that profit represented return for ability, skill, and talent. This broad view of entrepreneurship was later narrowed by Hawley (1901) who argued that profit represented reward for effort and assuming risk. Thus the concept of risk became a key element. The

Austrian school's view differed by identifying entrepreneurs as those who create economic change through their decision-making (Menger, 1892). Menger argued that while uncertainty may be faced by entrepreneurs, the element of risk is not essential. He identified a number of situations where the activity is considered entrepreneurial, but risk is absent.

In the early 1800s the German school of thought distinguished entrepreneurs from capitalists by emphasising a different type of risk. Profit, it was held, represented the return for entrepreneurial risk; uninsurable risk. The entrepreneur was viewed as both a risk taker and innovator. Towards the late 1800s, neoclassical economists were forming new and altered views of entrepreneurship. Marshall (1890, 1893) supported the view of entrepreneurs as innovators, and considered that profit represented payment for the entrepreneur's services: developing the business, assuming risk. Key attributes of leadership, judgment, and knowledge were also associated with entrepreneurs.

Knight (1921) extended the concept of risk to identify two elements: insurable and uninsurable risk, and associated profit from uninsurable risk with rapid economic change. As such, Knight viewed entrepreneurs as those with the ability to organise others in uncertain situations, and the flexibility to act quickly. Profit, it was held, represented both payment for ability, and compensation for assuming risk. Von Mises (1919) took a similar view with respect to uncertainty, and built on existing theory by noting the entrepreneur as one whose behaviour both influences the future, and is influenced by their vision of it. Schumpeter (1909, 1934) proposed a slightly different view of entrepreneurship, which was outside the scope of the general equilibrium model of neoclassical economics. He considered entrepreneurs as innovators, creating new activities and markets, whose role was to disturb the status quo. In Schumpeter's view, surplus is directly attributable to the entrepreneur's productivity; not a reward for risk.

Thus, it seems the economic theories of entrepreneurship are diverse, and at times conflicting. While elements such as risk, innovation, and reward are recurring themes within the literature, consensus has not yet been achieved regarding a single comprehensive definition of entrepreneurship. Accordingly, it is necessary to consider theories of entrepreneurship in other fields of research, in an effort to gain further insight. Such theories are considered in the following section.

2.2.2 Alternative views of entrepreneurship theory

Beyond the sphere of economics, entrepreneurs and entrepreneurship have also been examined from a number of other humanitarian or social perspectives. Such perspectives include anthropology, history, psychology, and sociology; and are considered briefly below.

Within the field of *anthropology*, Barth (1969) projected entrepreneurship as connecting two spheres in society, each with different values, and transferring value between them. Hence opportunity recognition is emphasised, which Barth suggests may also involve questioning and challenging some basic community values. Thus the notion of social as well as financial risk emerges as inherent in an entrepreneur's actions.

Economic history findings focused primarily on the relationships inherent in entrepreneurial situations, rather than the individuals involved. Particular emphasis was placed on examining the history of the industrial corporation (Chandler, 1990). In contrast, *psychology* studies on entrepreneurship have focused on personality traits, and patterns of behaviour. These studies identify entrepreneurs as risk-takers and social deviants, with a high need for achievement (McClelland, 1962).

Studies on entrepreneurship within the field of *sociology* identified entrepreneurs as charismatic leaders whom others want to follow; breaking the constraints imposed by established norms to create change (Weber, 1905). Weber examined the changing social values, and subsequent acceptance of entrepreneurship over time and across different cultures.

As research continues to examine the complexities of entrepreneurship, new aspects emerge, in an effort to provide a more complete and comprehensive understanding of this topic. Such aspects include social entrepreneurship (Leadbeater, 2000), focusing on social rather than commercial outcomes; civic (Drucker, 1985) or public sector entrepreneurship (Bellone & Goerl, 1992; Frohlich, Oppenheimer, & Young, 1972; Ramamurti, 1986; Shockley, Frank, & Stough, 2002), examining the need for government organisations to be entrepreneurial similar to any other organisation; and the concept of *intrapreneurs*: individuals within an organisation who instigate acts of entrepreneurship which have not been influenced by the direction of an organisation's strategy, structure, or culture (Pinchot, 1985, 1986). Hisrich and Peters (1988)

refer to intrapreneurs as those responsible for developing a vision for the organisation, and suggest effective intrapreneurship results in the acceptance and adoption of such visions throughout the organisation.

A further distinction is made in the literature regarding different aspects and levels of entrepreneurship. Research at the individual level tends to focus on the nature and characteristics of entrepreneurs, emphasising skills of discovering and identifying opportunity (Kirzner, 1979; Shane & Venkataraman, 2000), and the need for achievement (McClelland, 1962). Research at the organisational level, however, focuses on the attempt to foster entrepreneurship within the organisation as a whole, examining entrepreneurial practices and strategies such as innovation, risk, and a proactive nature (Covin & Slevin, 1989). This is often referred to as corporate entrepreneurship, and has been extended to the notions of entrepreneurial strategic posture (Covin & Slevin, 1989), entrepreneurial orientation (Lumpkin & Dess, 1996), and entrepreneurial intensity (Morris & Kuratko, 2002).

The distinction between entrepreneurship at different levels and within specific domains has resulted in conflicting perspectives and emphasis within the literature, as highlighted in Figure 2.1 below.

Figure 2.1   Different perspectives and emphasis within entrepreneurship literature

Any business	Sonfield & Lussier, 1997 Drucker, 1985
Firm level	Morris & Kuratko, 2002 Hitt et al., 2001 Ireland et al., 2001 Miller, 1983
Individuals, new / small business	Gartner, 2001 Glancey & McQuaid, 2000 Bolton & Thompson, 2000 Covin & Slevin, 1989 McClelland, 1961, 1962

Specifically, Figure 2.1 presents an indication of the different focus taken by researchers in examining entrepreneurship. While only a small proportion of the total research on

entrepreneurship is reflected, a clear emphasis emerges on research at both the individual and organisational level.

Thus, while numerous researchers view the different levels of entrepreneurship as distinct and separate (Gartner, 2001; Glancey & McQuaid, 2000; Hitt et al., 2001; Ireland et al., 2001), others such Drucker (1985) and Sonfield and Lussier (1997) take the view that entrepreneurship does not differ between these levels, be it a large corporation or an individual undertaking a new business venture. Thus, entrepreneurship is based on the same principles irrespective of the context. Specifically, Drucker contends

> it makes little or no difference whether the entrepreneur is a business or non-business public service organisation, not even whether the entrepreneur is a government or non government institution. The rules are pretty much the same. In every case there is a discipline we might call *entrepreneurial management* (p. 165).

Drucker's (1985) reference to entrepreneurial management is similar to the core principles of entrepreneurship identified in the research at both the individual and organisational level. These principles include innovation, opportunity recognition, proactivity, and vision. Hence these core principles can be viewed as fundamental to entrepreneurship as a concept, rather than entrepreneurship in just a particular context (e.g. individual as opposed to organisational entrepreneurship). Sonfield and Lussier (1997) support this view, noting that the nexus between entrepreneurship and small business has been replaced with the concept of entrepreneurship being associated with "business activity of all sizes" (p. 73). Such is the approach taken in this study, which examines entrepreneurial acts. Essentially these acts are at the heart of entrepreneurial conduct which characterises both individual entrepreneurs and entrepreneurial organisations.

Based on the wide variation of views detailed above, it seems the lines and boundaries defining entrepreneurship are often blurred and inconsistent. Both within the sphere of economic theory and beyond this to fields such as psychology and sociology, there are often specific variations and at times significant contradictions regarding the definition and scope of entrepreneurship. It is however, possible to identify recurring themes from the literature across various research disciplines and different levels of entrepreneurship analysis. Collectively these themes can be summarised as innovation, opportunity recognition, acceptance of risk, reward, and vision.

Hence, the fundamental principles of entrepreneurship begin to emerge, and can perhaps be

more clearly understood by examining the distinctions drawn between entrepreneurs and others involved in similar activities. These distinctions are considered in the following section.

2.2.3 What an entrepreneur is not

Perhaps the question of what defines entrepreneurship is more clearly addressed by examining what an entrepreneur is not. Throughout the literature, a number of distinctions have been made and broadly accepted regarding the differences between entrepreneurs and individuals involved in similar business activities.

The term *entrepreneurship* is often associated with new business creation (Glancey & McQuaid, 2000), small business management (Covin & Slevin, 1989), and the concept of owner management or self-employment. Carland, Hoy, Boulton, and Carland (1984), however, make a clear distinction between entrepreneurs and small business owners. In their view, entrepreneurs are characterised by their principal purpose of profit and growth, innovative behaviour, and use of strategic management practices. In contrast, they identify small business owners as having personal goals as their principal purpose, where the business is an extension of the individual, and innovation is not a key element. Thus the two are quite different.

Similar distinctions are made by Beaver (2003) regarding risk-taking, innovation, and strategic management activities with respect to entrepreneurs versus small business owners; Sarasvathy, Simon, and Lave (1998) regarding the approach to risk assumed by entrepreneurs versus bankers. As noted by Carland et al. (1984), the notion of risk as a distinguishing feature of entrepreneurs is perhaps contentious. While risk is widely referred to in entrepreneurship literature (Cantillon, 1755; Hawley, 1901; Knight, 1921), opposing studies suggest risk is not specific to entrepreneurs (Brockhaus, 1980; Schumpeter, 1934). Specifically, von Mises (1919) argues all economic decisions involve an element of risk and uncertainty. Accordingly the question emerges as to what distinguishes the risk assumed by entrepreneurs, from the risk assumed by others in business? Degree, size, extent, severity, and insurability (Knight, 1921), have each been considered within the literature, however, each of these elements is inherently subjective. Sarasvathy et al. (1998) suggest the distinguishing feature may be that of perception and management. Essentially they argue that entrepreneurs see opportunity where others see risk, and effectively work towards managing that risk. Hence it is the perception of risk, and

perhaps a view of risk as acceptable or manageable in a broader context, which largely differentiates entrepreneurs from others in business.

Hence, based on this overview it seems relatively clear what an entrepreneur is not. Specifically, entrepreneurs can be distinguished from managers, small business owners, and those involved in new business ventures. Similarly entrepreneurial activity may be distinguished from other business activity which involves a level of risk typically associated with any new venture, where the additional elements of opportunity identification, innovation, and rapid economic change are absent.

Thus the scope of entrepreneurship as a theoretical concept is narrowed. While some researchers (e.g. Glancey & McQuaid, 2000) accommodate a broad and encompassing view of entrepreneurs and entrepreneurship, researchers who have undertaken a comparative analysis (e.g. Beaver, 2003; Carland et al., 1984; Sarasvathy et al., 1998) provide a comprehensive overview of the distinguishing features of entrepreneurs and entrepreneurship. Such features include a focus on growth, innovation, perception of risk, and strategic management practices. Returning to Drucker's (1985) notion of entrepreneurship being a concept not bounded by context, these elements would apply to entrepreneurs and entrepreneurship at both the individual and organisational level; or more broadly, entrepreneurial activity.

The focus on entrepreneurship as a discipline from the perspective of entrepreneurial activity, is consistent with the view of entrepreneurship as a process (Gartner, 2001; Low & MacMillan, 1988; Morris & Kuratko, 2002; Venkataraman & Sarasvathy, 2001), and effectively addresses much of the debate and inconsistencies within entrepreneurship literature regarding the appropriate manner in which to address and explain this phenomena (Gartner, 2001). In particular, Gartner (2001) questions the diversity of entrepreneurship as a single discipline, and suggests the analysis of specific areas such as small and medium enterprises, new business creation, and family businesses in the context of entrepreneurship may be a study of "different topics with no underlying connection. There is, simply, no theoretical way to connect all of these disparate research interests together" (p. 30). Rather, Gartner identifies the need for a framework to address the vagaries and inconsistencies of prior research, and suggests the study of entrepreneurship as a process provides that framework, while still accommodating the diversity of entrepreneurship in different contexts (e.g. individuals, small and large firms, society, and government).

Thus, in view of the themes identified it is now possible to form a view of entrepreneurship based on these core principles. This view is presented in the following section and is subsequently used as a framework for examining strategic entrepreneurship and comparing the two concepts.

2.2.4 Proposed view of entrepreneurship

Based on a review of the literature and the individuals who have been widely recognised as entrepreneurs, perhaps the most comprehensive definition is that put forward by Hisrich and Peters (1998) who present entrepreneurs as those creating something of value to improve economic efficiency, assuming financial and social risk in the process, and receiving resulting rewards: monetary, individual satisfaction through achievement, and independence. This definition effectively incorporates the fundamental concepts of innovation (Schumpeter, 1934) through opportunity identification (Kirzner 1997; Shane & Venkataraman, 2000), social and economic change (Barth, 1969; Menger, 1892), risk (Knight, 1921), and reward (Hawley, 1901; McClelland, 1962) examined in the preceding sections. Returning to Von Mises' (1919) notion that human action both influences and is influenced by the future, it can be argued an entrepreneur is one whose decisions and behaviour influence the future and are influenced by their vision of it.

Hence, building on the Hisrich and Peter's (1998) definition above, it seems entrepreneurs can be identified as those who identify opportunities to create value, arguably to improve economic efficiency, but inevitably resulting in economic and social change. Such change essentially involves a reciprocal relationship as society influences individual entrepreneurs' actions, which subsequently influence society. Value or reward may be realised in various forms, such as financial, intrinsic satisfaction, independence, and business growth. Thus, by extension, entrepreneurial activity can be identified as activity which encompasses the elements of opportunity identification, creation of value resulting in social and economic change, with the intention of reward in some form, be it growth, profit, or otherwise.

Having established the key elements of entrepreneurship, the next step is to examine strategy, strategic management, and their relationship with entrepreneurship in order to identify their point of intersection, *strategic entrepreneurship*. Such is the focus of the following section.

2.3 The evolution of strategic entrepreneurship

While literature on the topics of strategy and strategic management is both extensive and diverse, this section provides only a brief overview of these constructs, before examining them in the context of entrepreneurship. Such examination includes the emergence of entrepreneurial elements within strategy, the combination of entrepreneurship and strategic management, and the intersection of the two constructs, namely strategic entrepreneurship.

2.3.1 The concept of strategy

As noted above, literature on the topic of strategy is both discrete and diverse. The term *strategy* commonly refers to the plans, objectives, and long-term goals of the organisation (Chandler, 1962). A more detailed examination of existing research indicates strategy as establishing direction (Mintzberg, Ahlstrand, Lampel, 1998); purposeful action (Drucker, 1985); fit both within the organisation, and with the external environment (Porter, 1996). Mintzberg and Waters (1982) acknowledge the complexity of strategy as a concept in their reference to "that vague concept called strategy" (p. 465), but later address this complexity by suggesting strategy is essentially a combination of objectives both deliberate and emergent which produce the actual or realised strategy of an organisation. Thus, over time the complexity of strategy has been acknowledged and addressed from a variety of perspectives.

A closer examination of such research reveals strategy as a multifarious construct, which has gradually been explored and understood. In a later study, Mintzberg (1987) presents an analysis of strategy characterised by two key elements: advance determination of actions, consciously and purposefully developed. Hence the notion of a predetermined and deliberate thought process emerges (Ansoff, 1965; Mintzberg, 1987). Specifically, Mintzberg identifies the "five Ps" of strategy: plan, ploy, pattern, position, and perspective. *Plan* is referred to by Mintzberg as an intention, progressively monitored; *ploy* is associated with a short-term objective, tactic, or manoeuvre to outwit competitors. The term *pattern* is described as consistent behaviour, operations, or practice; conscious or otherwise; *position* being an organisation's choice and use of resources to establish a strong place in the market, or competitive position. Lastly *perspective* refers to the internal views promoted within the organisation, and the resulting outlook promoted with respect to the external environment. Most important perhaps, is the notion by Mintzberg that

these differing interpretations complement, rather than contradict. Thus strategy is recognised as a broad and complex topic which encompasses each of these elements.

Porter's (1996) concept of strategy also focuses on the notion of position, referring to strategy as creation of a unique and valuable position. He argues that the essence of strategy is performing activities in a manner different to that of competitors: choosing a novel, distinctive position in the market and making a conscious decision regarding trade-offs (incompatible activities) in order to achieve fit, and create a sustainable advantage. Specifically, Porter identifies three sources of position. Variety-based positioning is referred to as a focus on product ranges, needs-based positioning involves targeting particular customer or market segments, and access-based positioning is established through means such as geographic location, or customer scale. Thus, Porter's view of strategy represents one aspect of the broader view taken by Mintzberg (1987).

While the complexity and diversity of strategy presented by Mintzberg is acknowledged, Chandler's (1962) definition of strategy begins to encompass the notions of both strategy and strategic-management. Specifically, Chandler offers a relatively succinct yet comprehensive description of strategy, being "the determination of long-term goals and objectives of an enterprise, the adoption of courses of action, and the allocation of resources necessary for carrying out these goals". The emphasis on long-term goals and objectives is an important one, as much of the literature on strategy blurs the distinction between long-term and short-term objectives. Similarly, the notion of adopting courses of action emphasises the aspect of content within strategy; the specific action required. Lastly, the reference to allocation of resources indicates the process aspect of strategy; implementing and enacting strategy to achieve the intended outcome. Hence the notion of strategy emerges as the means to an end. Essentially, Chandler's definition of strategy is an encompassing one, which incorporates elements of strategy projected by others such as Mintzberg (1987) and Porter (1996). From the early works of Ansoff (1965) specifying pure and grand strategy, to the more recent studies of Brown and Eisenhardt (1998) portraying strategy as structured chaos, Chandler's definition continues to capture the essence of strategy and strategic management, and represents the basis on which many other theories of strategy are founded.

As research progresses different perspectives from which to view strategy emerge. Such perspectives include planned strategy (Ansoff, 1965; Argenti, 1980), strategy as structure (Hall, 1978), competitive positioning strategy and the notion of strategic fit (Porter, 1980, 1986). More

recent developments include strategy as competitive advantage (Barney, 1991), competencies based strategy as a means of stretching the organisation (Hamel & Prahalad, 1994; Prahalad & Hamel, 1990), and strategy as a function of the organisation's strategic architecture (Kay, 1993).

Within these perspectives, various elements emerge which coincide with themes central to entrepreneurship. Porter (1980) identifies differentiation through product innovation, and cost leadership through process innovation as generic strategies. Prahalad and Hamel (1990) highlight the importance of flexibility and vision. Thus, commonalities within entrepreneurship and strategy emerge, which progressively developed to establish a clear stream of research focusing on entrepreneurship within the discipline of strategy.

In recent years a growing body of research has focused specifically on entrepreneurship within the context of strategy. Thus, literature on entrepreneurial strategy represents a distinct segment of strategy literature comprising specific strategies and typologies, supported by the works of researchers such as McDougall and Robinson (1990), Johnson and Van de Ven (2002), McCarthy and Leavy (1999), Sonfield and Lussier (1997); the findings of which are summarised briefly below.

McDougall and Robinson (1990) examined the types of competitive strategy entrepreneurs commonly adopt, to identify eight different archetypes, ranging from limited growth in niche markets, to aggressive growth in multiple markets. Johnson and Van de Ven's (2002) work focuses on variations of entrepreneurial strategy, to identify four separate models, each with a different mindset: opportunity recognition, achievement of legitimacy, fit, and competitive advantage through actions regarding activities and arrangements.

Linked to the population ecology perspective (Hannan & Freeman, 1989) of organisational theory such that similar organisations compete for scarce inputs within an industry, Johnson and Van de Ven contend the main task of entrepreneurs is to identify opportunity through early market entry, searching for underpopulated niches or gaps in the market. Such opportunities may be due to identifying a match between the organisation's capabilities and the required capabilities to exploit the opportunity; having the confidence and the ability to seize those opportunities. Johnson and Van de Ven also extend this model, noting opportunity recognition can be a strategic resource.

Achieving legitimacy is associated with the new institutionalism perspective, which views

organisational survival being dependent on following socially accepted norms. Essentially Johnson and Van de Ven contend that entrepreneurial strategies involve pioneering or entering new territories, and establishing legitimacy within that territory.

Associated with the organisational evolution perspective (encompassing the notion that organisations often have limited control over changes within the internal and external environment in which they operate), entrepreneurial strategies are described as those which aim to achieve greater fitness; a more suitable or appropriate fit, than competitors. Such fitness is facilitated through various means including cumulative knowledge and adjustment to the environment, which Johnson and Van de Ven refer to as tuned adaptability.

Lastly, achieving competitive advantage through arrangements and activities is linked to the industrial communities perspective. This perspective promotes creation of industry as a collective achievement of different organisations in various roles, from both the public and private sector. Within this perspective Johnson and Van de Ven suggest entrepreneurial strategy involves recognising not only opportunities, but also the potential value of resources. Thus, four distinct mindsets are associated with four separate perspectives of organisational theory.

More commonly, however, researchers take the view of a single entrepreneurial mindset, which is often characterised by focusing on niche strategies (Wickham, 1998), innovation (Morris & Kuratko, 2002), and quality (Dollinger, 1999). McCarthy and Leavy (1999) propose a slightly different typology, focusing on the personality traits of an entrepreneur, and the resulting influence they have on the formation of strategy. As such, they propose innovative, risk-bearing individuals are likely to adopt creative, risk-assuming strategies. Risk is also a key element within the research of Sonfield and Lussier (1997), which identifies a number of entrepreneurial strategies using high-low variants of risk and innovation.

Additional studies in this area have identified similar elements as central to successful entrepreneurial strategy. These include the importance of breadth of vision, leading to growth (Fesser & Willard, 2000, in their study of high technology firms); the transformation of old industries through innovation to create new value (Rae, 2001, in his study of EasyJet); and innovation and competitive attitude (Roberts, 1999, in his study of American pharmaceutical companies). Figure 2.2 summarises these contributions to entrepreneurial strategy literature, highlighting the relevant themes with a notable emphasis on creativity, risk, innovation, and

vision. Based on this summary and the accompanying timeline, a clear focus on entrepreneurial strategy over the past 10 years emerges.

Figure 2.2   Elements within entrepreneurial strategy

2005		
	innovation	(Morris & Kuratko, 2002)
	four models of entrepreneurial strategy with different mindsets	(Johnson & Van de Ven, 2002)
	entrepreneurial strategies as combinations of risk and innovation	(Sonfield et al., 2001)
	transformation of old industries to create new value	(Rae, 2001)
2000	breadth of vision, leading to growth	(Fesser & Willard, 2000)
	innovation and competitive attitude	(Roberts, 1999)
	single entrepreneurial mindset, focusing on quality	(Dollinger, 1999)
	entrepreneurial strategies involve creativity and risk	(McCarthy & Leavy, 1999)
	single entrepreneurial mindset, focusing on niche strategies	(Wickham, 1998)
1995	high-low variants of risk and innovation	(Sonfield & Lussier, 1997)
1990	types of strategies entrepreneurs commonly adopt	(McDougall & Robinson, 1990)

Thus, a clear focus on entrepreneurship within the discipline of strategy emerges. These perspectives reinforce the commonalities of entrepreneurship and strategy as related disciplines, while also highlighting strategy as a multifaceted construct, with entrepreneurship as only one of the many focuses within that construct. Consistent with the notion of diversity within strategy, equally diverse views have been presented on how strategy should not only be perceived, but also addressed or managed. These views are considered as part of a brief overview of strategic management in the following section, before examining the segment of strategic management research which incorporates an entrepreneurial focus.

2.3.2 Strategic management

As an extension to literature focused on defining and identifying different types of strategy, research subsequently shifted to examine the broader notion of managing strategy. Chandler's (1962) definition of strategy begins to address this issue by encompassing both content and process; two aspects commonly associated with strategic management. Sloan (1963) further contributed to the evolution of strategic management through his study and related findings of strategy formation, implementation, and change. Ansoff (1965, 1979) focused on the means

required to develop strategy: formulation, structure, and method of decision-making within business.

Pettigrew (1987) suggests an examination of strategic change involves consideration of the "what, why and how" aspects of strategy. Specifically, Pettigrew refers to these three elements as the content, context, and process of strategy. Essentially content refers to the subject or focus of strategy (see Section 2.3.1); the notion of context refers to the environmental setting and forces, both internal and external, which influence the management of strategy; and the abstraction of process refers to the methodology by which strategy is implemented and affected. In particular, Pettigrew contends that while management of strategy is essentially a process, it cannot be isolated from the political and cultural forces within an environmental context. Hence, a study of process ultimately involves acknowledging the influence of these forces in explaining the resulting continuity or change. An overview of strategy as content was discussed briefly in Section 2.2.1 above, in the context of strategy in general and entrepreneurial strategy in particular. As such, the following overview of strategic management is presented in accordance with the remaining elements of Pettigrew's strategy framework, under the headings of context and process.

a) Context

The notion of context within strategic management has also been examined from a number of perspectives, including the industrial organisation (Porter, 1980), the resource based view (Barney, 1991), strategic management within specific environments (Covin & Slevin, 1989), organisations at different stages of development and size (Lumpkin & Dess, 1996; Miller, 1983), in the context of culture (Johnson, 2000) and politics (Zaleznik, 1970).

Similar to research which addresses the content of strategy, research in the domain of context also reveals a distinct segment of the literature which incorporates an entrepreneurial focus. Miles and Snow's (1978) study of firms as defenders, prospectors, and reactors is perhaps one of the first to address an entrepreneurial context, referring to prospectors as those firms which actively search for new products, markets, and opportunities. Mintzberg and Waters (1982) examine strategy in the entrepreneurial firm and suggest it is characterised by a clear, complete vision of the future, with the flexibility to allow that vision to change. Further, they contend strategy within an entrepreneurial firm is a balance of controlled boldness, based on both knowledge and intuition. Miller and Friesen (1977, 1978) examine strategy in particular types of

firms, two of which include the innovator and entrepreneurial organisation characterised by a powerful, bold leader focused on innovation, growth, and risk-taking. The notion of an entrepreneurial firm is explored further by Miller and Friesen (1982), as they contrast the entrepreneurial and the conservative firm.

Covin and Slevin (1989) examine the notion of strategic posture in hostile and benign environments, referring to entrepreneurial strategic posture as a firm's overall competitive orientation when it encompasses an entrepreneurial focus. Covin and Slevin associate this focus with proactive, innovative, and risk-taking conduct. These themes are also supported by Lumpkin and Dess (1996) and later Lyon, Lumpkin, and Dess (2000) through the notion of an entrepreneurial orientation. Specifically Lumpkin and Dess (1996) identify five dimensions central to an entrepreneurial orientation, being autonomy, innovativeness, risk taking, proactiveness, and competitive aggressiveness. Morris and Kuratko (2002) further build on this, by introducing the notion of entrepreneurial intensity as a measure of the frequency and degree to which to which entrepreneurial elements (referred to as innovativeness, risk taking, and proactiveness) exist within organisational events or activities. Thus, entrepreneurial intensity is variable in nature, and can therefore apply to a range of organisations.

Based on these notions, a clear focus on entrepreneurship within the context of strategy also emerges. These notions effectively highlight the commonalities of entrepreneurship and strategic management, and provide a background for the third aspect of strategy, being the process of strategic management.

b) Process

Through the progressive development of literature on strategy, an increasing acceptance of strategic management as a process emerges (Hart, 1992; Pettigrew, 1987; Van de Ven, 1992; Verreynne, 2005). In particular, Van den Ven notes that while the term "process" is commonly used to refer to a collection of concepts, theory relating to process should address the issues of how and why such processes unfold over time. This is important for two reasons: firstly to ground the conceptual basis of a process study, and secondly to guide the design and conduct of related research.

Such processes include a planned or rational view referring to a formal approach to strategic management (Ansoff, 1965; Chandler, 1962); a command view characterised by a strong,

dominant leader (Hart, 1992; Mintzberg, 1973). Other perspectives incorporate the process of logical incrementalism (Quinn, 1989), involving an evolutionary or emergent approach to strategy; establishing order within chaos (Eisenhardt et al., 2000; Stacy, 1993); process as a function of culture (Barney, 1996; Johnson, 2000), and politics (Khandwalla, 1976, 1977).

Thus the literature on strategic management presents similarly diverse views of strategy as a process. Such views Hart (1992) notes are both overlapping and incomplete with respect to a comprehensive picture of strategic management. A recurring theme within the literature, however, is the nature of entrepreneurial elements which emerge within a number of different process oriented perspectives.

The theme of entrepreneurship within strategic management as a process can be traced back to the early works of Mintzberg (1973) which examine three categories or modes of strategy making, being entrepreneurial, adaptive, and planning. Specifically, Mintzberg contends the entrepreneurial mode is characterised by a strong leader, taking bold, risky actions. Hart (1992) identifies five modes of strategy-making, two of which encompass an entrepreneurial focus. Consistent with the works of Mintzberg (1973, 1978) and Mintzberg and Waters (1985), Hart (1992) refers to the command mode as one involving a clear, innovative, and integrated vision. Referring to the notion of intrapreneurship and the works of Peters and Waterman (1982), Hart also identifies the generative mode of strategy making, whereby firms operate like small entrepreneurial ventures displaying innovation and employee initiative. Thus, within the field of strategic management, a focus on an entrepreneurial approach to strategy emerges.

Burgelman (1983) further develops the notion of entrepreneurship within strategy as process by presenting a model of the strategic process for entrepreneurial activity. In particular, Burgelman identifies the need for both diversity and order within a business, and suggests entrepreneurial activity provides such diversity; strategy effectively provides order through the process of planning, structure, and selection. Specifically, Burgelman refers to the importance of alertness to opportunity (consistent with Kirzner, 1979, 1997), flexibility, and the notion of autonomous versus induced (strategic) behaviour to foster entrepreneurial activity.

Miller (1983) also explores variables within entrepreneurial and strategic processes of firms with different profiles (simple, planning, and organic firms). An important concept put forward by Miller is that entrepreneurial strategic process is not specific to one type of organisation, but rather may

take various forms for different business profiles (e.g. firms of different sizes). Thus entrepreneurial activity may be viewed in a broader manner. As an extension to this notion, is the concept of entrepreneurial activity as a continuum applying to a range of businesses from individuals to organisations, as detailed in Figure 2.3 below.

Figure 2.3 Continuum of entrepreneurial activity

Individuals   large organisations
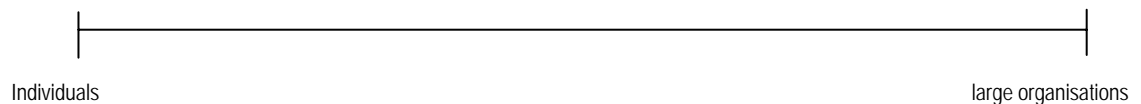
Hence an examination of strategy as a process reveals a clearly defined segment of the literature which addresses entrepreneurship. This literature has progressed from an association of entrepreneurship with small business and new business creation (Covin & Slevin, 1989), to an emphasis on process within businesses of all sizes (Miller, 1983). Further developments in identifying and developing the relationship between strategy and entrepreneurship are considered in the following section, as a prelude to the emergence of strategic entrepreneurship, being the intersection of the two constructs.

2.3.3 Identifying the relationship between strategy and entrepreneurship

The relationship between strategy, strategic management, and entrepreneurship is identified from the very early literature examining strategic decisions. In his book *Corporate Strategy*, Ansoff (1965) initially explains the term *strategic decisions* as those which appropriately match a firm to its environment. He then elaborates, however, by suggesting a better term for this notion may have been *entrepreneurial decisions* (p. 107).

As detailed in the previous sections, the development of both strategy and strategic management also reveal a clear relationship between entrepreneurship and the discipline of strategy. More recently research has begun to focus on identifying the specific relationship between the two. Consequently, there are a number of differing views regarding the relationship between these two disciplines. Researchers such as Michael, Storey, and Thomas (2002) view entrepreneurial

management embedded in the broader topic of strategic management. Others such as Bird (1998) consider it important to distinguish the two, such that entrepreneurial activity and strategic management are viewed as entirely separate concepts. Hitt et al. (2002) take a similar but more moderate view, presenting the two fields as independent, but related.

Bhide (1994) highlights the importance of combining the two, and suggests one of the key strengths of entrepreneurs is their ability to identify and act on opportunities, without resorting to extensive research. Rather, a more efficient approach is typical, which involves a balance of analysis, judgment, and intuition. Entrepreneurs, however, cannot rely on innovation and market anticipation alone. Hence the need for both creativity and strong execution skills, something Bhide refers to as "the edge" (p. 149).

The notion of competing on the entrepreneurial edge is extended upon by Eisenhardt, Brown, and Neck (2000), who suggest strategic management within an entrepreneurial organisation is essentially a balancing act on the edge of chaos. The numerous demands on entrepreneurs and managers to identify and focus on multiple opportunities, address any staffing or financial issues often experienced by growing organisations, and maintain an increasing profile in the marketplace, represent the complex and often chaotic environment in which an entrepreneurial venture operates.

According to Eisenhardt et al. (2000), the alternative to the entrepreneurial venture is the structured, controlled, inflexible, and risk adverse organisation, which does not easily adapt to change. In contrast, the entrepreneurial venture operating in chaos, has neither the structure nor mechanisms to co-ordinate change. As such, Eisenhardt et al. suggest the ideal position lies between these extremes, which they refer to as the edge of chaos. Similarly, Eisenhardt et al. identify a need for a comparable balance regarding the timeframe for decision-making, contrasting the slow, inflexible processes typically associated with bureaucratic organisations; and the rushed, impulsive decision processes associated with entrepreneurial ventures, which often focus on the future without due regard for the past. Again, the ideal balance is a position between these two, which Eisenhardt et al. refer to as the edge of time. The balance between extremes is similar to the concepts put forward by Miller and Friesen (1982) where they contrast the entrepreneurial organisation with the conservative firm.

Bettis and Hitt (1995) also examine the concept of the environment, and in particular the notion of

on-going change in a competitive landscape. As such, they suggest the task of addressing this change requires an ongoing review of the factors which facilitate competitive advantage. New industries and markets, rapid changes in technology and consumer expectations, fundamental issues of increased efficiency, reduced product life cycles, and globalisation; all indicate that the elements which facilitated competitive advantage within the former landscape are no longer sufficient. Hitt and Reed (2000) reinforce the notion of rapid change and innovation as characteristic of the new competitive landscape, subsequently referring to it as an entrepreneurial landscape.

Meyer and Heppard (2000) further build on this concept, and introduce the notion of entrepreneurial strategy as the new dominant logic in organisations; the term *dominant logic* referring to the manner in which an organisation identifies and interprets information, and formulates strategy. With strategic entrepreneurship accepted as the dominant logic, firms are viewed as well placed to remain focused on opportunities, balance structure with flexibility, and establish and maintain competitive advantage in a landscape which continues to change. Thus the concept of combining strategic management and entrepreneurship, emerge as a key tool for organisational survival and success.

Venkataraman and Sarasvathy (2001) contend that while entrepreneurship and strategy are two fields which have developed largely independent of each other, they are closely related: "two sides of the same coin" (p. 651), effectively examining value creation and capture. Specifically Venkataraman and Sarasvathy compare entrepreneurship without strategy, to Romeo without a balcony. Hence an added emphasis emerges on innovation and opportunity through discovery, recognition, and creation. The association between strategy and entrepreneurship is what Meyer, Neck, and Meeks (2002) refer to as the creation-performance relationship.

Hitt et al. (2001) suggest strategic management involves the actions, decisions, and commitments, designed to achieve competitive advantage; earn above average returns. Stopford (2001) emphasises the aspect of decision-making within strategic management, noting that it requires choices to be made against competing objectives, and Ireland et al. (2001) extend and further broaden this concept to interpret strategic management as a context for entrepreneurial actions.

According to Hitt et al. (2002), entrepreneurs are essentially involved in the creation of goods and

services, and managers ultimately seek to establish a competitive advantage with the goods and services created. Thus the two roles are seen as complementary, particularly in the context of wealth creation. For this reason, then, the two concepts have been integrated to form the basis of strategic entrepreneurship.

Ireland et al. (2001) further develop the association between entrepreneurship and strategic management by identifying six domains which are relevant to both constructs. Activity in these areas, they contend, can be jointly classified as both entrepreneurial and strategic. Hence the intersection of strategic management and entrepreneurship, which is examined in further detail in the following section.

Thus a focus on entrepreneurship emerges within the discipline of strategy, and is further considered by examining the combination of the two, initially in the context of entrepreneurial organisations, and later as a concept for business organisations. An overview of the development of the literature on entrepreneurship in the context of strategy and strategic management is summarised in Figure 2.4 below.

Such examination highlights the gradual progression towards combining entrepreneurship and strategy, ultimately resulting in the intersection of the two. Again, the presentation of research on a timeline also highlights the increasing attention given to entrepreneurship and strategy over the past 10 years, revealing elements central to these concepts combined are essentially those common to both entrepreneurship and strategic management as separate disciplines. Specifically these elements include innovation, acceptance of risk, proactivity, a focus on opportunity, vision, and flexibility. Returning to the discussion of entrepreneurship in Section 2.2, and strategic management in Section 2.3, it can be seen that these elements were previously identified as central to both constructs.

Figure 2.4   The development of entrepreneurship within the discipline of strategy

entrepreneurial orientation stimulating corporate entrepreneurship	(Dess & Lumpkin, 2005)
intersection (revised) of entrepreneurship and strategic management	(Ireland et al., 2003)
entrepreneurship and strategy as the "creation-performance" relationship	(Meyer et al., 2002)
entrepreneurial intensity	(Morris & Kuratko, 2002)
entrepreneurship and strategy as independent but related	(Hitt et al., 2002)
intersection (revised) of entrepreneurship and strategic management	(Hitt et al., 2001)
intersection of entrepreneurship and strategic management	(Ireland et al., 2001)
entrepreneurship and strategy as two sides of the same coin	(Venkataraman & Sarasvathy, 2001)
2000 entrepreneurial strategy as the new dominant logic	(Meyer & Heppard, 2000)
entrepreneurial edge: strategic management within an entrepreneurial firm	(Eisenhardt et al., 2000)
entrepreneurial orientation	(Lyon et al., 2000)
entrepreneurial strategy making	(Dess et al., 1997)
entrepreneurial orientation: includes autonomy and competitive aggressiveness	(Lumpkin & Dess, 1996)
1995	
"the edge": combining creativity and strong execution skills	(Bhide, 1994)
1990	
entrepreneurial strategic posture: proactive, innovative, risk-taking	(Covin & Slevin, 1989)
1985 entrepreneurial management	(Drucker, 1985)
entrepreneurial process in different firms	(Miller, 1983)
model of the strategic process of entrepreneurial activity	(Burgelman, 1983)
conservative versus entrepreneurial firm	(Miller & Friesen, 1982)
tracking strategy in a entrepreneurial firm, entrepreneurial strategy-making	(Mintzberg & Waters, 1982)
1980	
innovator and entrepreneurial firm within 10 firm archetypes	(Miller & Friesen, 1977, 1978)
prospector firms	(Miles & Snow, 1978)
1975	
entrepreneurial strategy-making	(Mintzberg, 1973)
entrepreneurship with a strategic intent	(Frohlich, Oppenheimer, & Young, 1972)

Thus, based on the developments within strategy, the progression and extension of themes central to entrepreneurship, strategy, and strategic management, can be traced through to the development or emergence of strategic entrepreneurship, and is summarised in Table 2.1 below. Specifically the first column of Table 2.1 highlights the themes central to entrepreneurship. The second and third columns indicate the broad scope of strategy and strategic management, while also highlighting specific areas within theses topics relevant to entrepreneurship in the lower half of each column ("theoretical extensions"). The final column identifies concepts common to entrepreneurship, strategy, and strategic management, revealing the relationship between these constructs and identifying the point of intersection. Thus, strategic entrepreneurship evolves as a

separate concept, and is examined as such in the following section.

Table 2.1   Evolution of strategic entrepreneurship

Entrepreneurship	Strategy	Strategic management	Strategic entrepreneurship
Core concepts; • focus on opportunity • innovation, creativity • risk accepting • proactive, flexible • vision • social and economic change • growth, reward (personal, financial)	• plans, objectives, long- term goals • integrated vision • create and exploit competitive advantage	• formulation, structure and method of decision-making • innovation • risk accepting • proactive • effective management of resources • earn above-average returns, create wealth • create and exploit competitive advantage	• focus on opportunity • innovation • risk accepting • proactive, flexible • vision • growth • create and exploit competitive advantage
Theoretical extensions;	• first mover advantage • differentiation • entrepreneurial strategy • structured chaos	• resource based view • entrepreneurial orientation/intensity/ strategic posture • entrepreneurial strategy-making • context for entrepreneurial actions	

2.4 The concept of strategic entrepreneurship

Essentially the study of strategic entrepreneurship involves the combination of actions distinctly entrepreneurial: *focusing on opportunity*, with actions essentially of a strategic nature: *creating competitive advantage* (Hitt et al., 2002). Specifically, strategic entrepreneurship is referred to as "entrepreneurial action with a strategic perspective" (Hitt et al., 2001, p. 480). This concept may be viewed as an extension of entrepreneurial strategy-making, being a mode of strategy which integrates multiple strategies with each other and the external environment (Mintzberg & Waters, 1982); the ability to make quick decisions in a changing environment (Bird, 1988). Specifically Mintzberg and Waters (1982) characterise entrepreneurial strategy-making by its degree of deliberateness and clear, complete vision; with the flexibility to allow that vision to change. Bird (1988) reinforces the concept of vision within strategic entrepreneurship, by identifying a focus on

the present with a firm picture or vision of the future; Eisenhardt et al. (2000) reinforce flexibility within the notion of a chaotic environment.

Based on this concept of managing chaos, Eisenhardt et al. (2000) propose six fundamental processes in order to make entrepreneurship a standard strategic practice. These processes include improvisation, co-adaptation or collaboration, patching, regeneration, experimentation, and time-pacing. Specifically, improvisation is referred to as the ability of managers to operate with flexibility within the constraints of the established framework. Hence, to respond to a dynamic and competitive market, managers must be afforded opportunities to innovate in a flexible environment. Co-adaptation or collaboration is represented by the notions of sharing and pooling resources, thereby enhancing synergy resulting from alliances, networks, and partnerships both internal and external. According to Eisenhardt et al. this process is essential for continued growth.

Patching is associated with an awareness of gaps or limitations within the organisation as a result of internal or external changes, such that action can be taken to realign the business with the market, and address or "patch" any holes within the organisation. The term "regeneration" refers to establishing an environment of gradual or incremental change which continues to focus on new opportunities, ultimately leading to new and enhanced competitive positions. Experimentation is described as a willingness to try new concepts and learn from failure. Finally, time-pacing is associated with a conscious awareness of incremental and measured change to ensure regular reassessment of an organisation's actions. This is something Drucker (1985) refers to as learning and unlearning existing strategy. Thus, Eisenhardt et al. (2000) identify six elements as essential to link strategy and entrepreneurship, referred to as structure without constraint.

This six process framework is similar to the six domains of strategic entrepreneurship identified by Ireland et al. (2001), as they develop the notion of strategic entrepreneurship as a field of study. In particular, they identify innovation (creating and implementing ideas), networks (providing access to resources), internationalisation (adapting quickly and expanding), organisational learning (transferring knowledge and developing resources), growth (stimulating success and change), top management teams and governance (ensuring effective selection and implementation of strategies. These domains were subsequently revised by Hitt et al. (2001) to include external networks and alliances, resources and organisational learning, innovation and internationalisation; as they developed the notion of strategic entrepreneurship as both a field of

study, and a specific concept. While the two models incorporate an emphasis on networks, learning, and growth, Hitt et al.'s revised model projects an added emphasis on resources: competencies and capabilities to develop a sustainable competitive advantage. Each of these models is summarised in Table 2.2 below.

Table 2.2   Comparison of 3 models of strategic entrepreneurship

Key themes	Eisenhardt et al. (2000)	Ireland et al. (2001)	Hitt et al. (2001)
Improvisation/ innovation	• operate with flexibility • opportunity to *innovate*	• ideas and implementation • new opportunities	• first mover advantage, differentiation
Co-adaptation & collaboration/ networks & alliances	• sharing or pooling resources • synergy facilitating continued growth	• market penetration • access to resources	• access to resources • complementary resources, new competencies
Patching	• addressing gaps within the firm due to the internal or external environment		
Regeneration	• continuous, incremental change • new opportunities, enhanced position		
Experimentation/ organisational learning	• try new concepts • *learn* from failure	• transfer of knowledge • developing resources	• generate knowledge
Time pacing	• incremental and measured change • regular reassessment of actions		
Internationalisation		• adapt quickly • expansion	• enhances entrepreneurial opportunity
Growth		• stimulates success and change	
Top management teams & governance		• effective selection and implementation of strategies	
Resources			• capabilities, sustainable competitive advantage

Nb. In Hitt et al. (2001), networks and alliances have been grouped together on the basis that these elements are similar in nature.

This table presents a summary of three prominent models of strategic entrepreneurship, put forward by Eisenhardt et al. (2000), Ireland et al. (2001), and Hitt et al. (2001). A key commonality among the models is a framework involving six key dimensions. To the extent that the individual dimensions are similar within each model, they have been grouped and presented accordingly. Thus, a clear overlap exists in three particular categories: innovation, networks, and experimentation or learning. As highlighted by Table 2.2, Hitt et al.'s (2001) revised model is similar to Ireland et al.'s (2001) model, but emphasises the importance of resources rather than top management teams and governance.

While each model has merit and includes elements inherently entrepreneurial, it is difficult to accept that any one of these models represents a comprehensive framework of strategic entrepreneurship, such that all of the elements are central to both strategic entrepreneurship and its founding constructs. Arguably, each of the elements comprising a model of strategic entrepreneurship should be inherently entrepreneurial, strategic, and central to the strategic entrepreneurship process. However, when considering the diverse range of businesses which are recognised as entrepreneurial in practice, it is difficult to conceive that collaboration both internal and external (Eisenhardt et al., 2000; Hitt et al., 2001), or internationalisation (Hitt et al., 2001; Ireland et al., 2001), are essential elements of all forms of entrepreneurship.

Certainly there are recognised entrepreneurs within a range of countries who have not expanded the scope of their operations to international markets, but rather focused on growth in a domestic market context. As noted by Fesser and Willard (1990), the opportunities in an international market of one industry, may be equated with opportunities in a domestic market of another industry, not well serviced by existing competitors. Hence it is the breadth of vision to identify opportunities in atypical or non-traditional markets, which is perhaps more important than the specific concept of internationalisation. Similarly, many entrepreneurs value autonomy, independence, and self-reliance, such that they prefer to develop an idea or product alone, rather than rely on collaboration; external collaboration in particular. It is on this basis perhaps, that Ireland et al. (2001) note the elements within their proposed framework are subject to certain conditions and contradictions. Thus, a distinction should be made between elements which may in some cases be relevant to strategic entrepreneurship, and elements which are essentially fundamental to all cases of strategic entrepreneurship, and therefore included in a strategic entrepreneurship framework.

In late 2003 research published by Ireland, Hitt, and Sirmon introduced a significant change in the direction of strategic entrepreneurship literature. This change in direction is important for several reasons. Firstly, it represents a dramatic shift in the perception of strategic entrepreneurship, and addresses many of the concerns identified within previous research. Secondly, the conclusions on elements fundamental to strategic entrepreneurship detailed in Section 2.6, and the proposed framework of strategic entrepreneurship presented in Chapter 3 had already been formulated prior to reviewing Ireland et al.'s (2003) paper.

While various concepts within Ireland et al.'s 2003 paper reiterate theories previously

incorporated in the strategic entrepreneurship literature (e.g. the importance of wealth creation to strategic entrepreneurship; the relationship between growth, wealth creation, and competitive advantage), there are also significant differences. Such differences include both the key principles and basic assumptions relating to the strategic entrepreneurship framework, as well as specific details and elements within the framework.

Within the paper, Ireland et al. identify four important dimensions of strategic entrepreneurship. Specifically, an entrepreneurial mindset is described as one encompassing insight, alertness, and flexibility to use appropriate resources. Entrepreneurial culture and entrepreneurial leadership are referred to as that which fosters and supports the search for entrepreneurial opportunity; such that innovation and creativity are expected. Strategic management of resources essentially involves the management of financial, human, and social capital; while applying creativity to develop innovations is referred to as identifying novel combinations to achieve both radical and incremental innovation. The integration of these dimensions, Ireland et al. contend, results in wealth creation. An overview of these dimensions and the related components is presented in Table 2.3.

The first column of Table 2.3 identifies Ireland et al.'s four key dimensions, before summarising the related components and details in the second and third columns. For comparative purposes, a fourth column has been included to show the limited overlap between concepts presented as central to strategic entrepreneurship in Ireland et al.'s (2003) framework, and concepts presented as central to strategic entrepreneurship in the three frameworks examined previously, and summarised in Table 2.2. Thus, of the eight themes identified within frameworks presented by Eisenhardt et al. (2000), Ireland et al. (2001), and Hitt et al. (2001), only two such themes have directly overlap with Ireland et al.'s (2003) model.

Another important distinction between Ireland et al.'s (2003) model and previous frameworks is the presentation of strategic entrepreneurship as a construct. Hence the notion of strategic entrepreneurship as both a field of study and a specific concept is reinforced and further developed through the presentation of strategic entrepreneurship as a discrete construct.

Table 2.3   Ireland et al.'s (2003) model of strategic entrepreneurship

Dimensions of strategic entrepreneurship	Components of each dimension	Details of components	Commonalities with previous models of SE*
Entrepreneurial mindset	• recognition of *opportunity* • real options logic • entrepreneurial framework	• insight and alertness • *flexibility* to use appropriate resources • setting goals, acting swiftly on entrepreneurial opportunities	
Entrepreneurial culture & entrepreneurial leadership	• shared values and assumptions • *innovation* and creativity expected, learning and *risk-taking* encouraged • nourishment of entrepreneurial activity • protection of innovations threatening the current business model • making sense of opportunities • questioning the dominant logic, revisiting the deceptively simple questions • linking entrepreneurship and strategic management	• innovation, risk-taking, continuous change seen as opportunities • continuous change viewed as a source of opportunity • *vision*, emphasising creativity and strategic management of resources • encouraging radical innovation • communicating the potential value of opportunities. challenging the status quo • evaluating existing business positions on products, markets, etc. • developing a culture to manage resources strategically and entrepreneurially	
Managing resources strategically	• structuring the resource portfolio • bundling resources • leveraging capabilities	• the on-going process of acquiring and disposing of resources as appropriate • combining resources as required to recognise and exploit entrepreneurial opportunities • maximising the effect of resource bundles to recognised and exploit opportunities through the co-ordination of resources, and strategic decisions	• managing resources strategically
Applying creativity & developing innovation	• identifying novel combinations	• to achieve both incremental and radical innovations	• innovation

*based on Table 2.2

Based on this overview, many of the concerns relating to previous research begin to be addressed. With respect to the general principles of the model, consideration of entrepreneurship as a separate discipline (albeit brief), the broadened scope of strategic entrepreneurship applying to organisations of all sizes, and the notion of change over time within elements contributing to strategic entrepreneurship; each of these suggests a more balanced view of strategic entrepreneurship, and establishes an element of consistency with the review of both entrepreneurship and strategy presented in this chapter. In particular, opportunity recognition is expressly included in Ireland et al.'s notion of an entrepreneurial mindset; innovation, acceptance of risk, and vision, are specifically referred to by Ireland et al. in their discussion of entrepreneurial

culture and entrepreneurial leadership. The element of flexibility is presented as "real options logic" by Ireland et al., and the notion of growth is presented as a direct outcome of Ireland et al.'s strategic entrepreneurship model. Thus, Ireland et al.'s development of strategic entrepreneurship provides significant and comprehensive support for the elements recognised as fundamental to entrepreneurship and its intersection with strategy. These elements are considered in the following section by drawing on both the concepts within strategic entrepreneurship theory (detailed above), and themes directly from literature on the founding concepts of entrepreneurship and strategy.

2.4.1 Fundamental elements of strategic entrepreneurship

Based on the broad range of elements associated with strategic entrepreneurship in the literature which attempts to define this concept, and the themes common to literature within the disciplines of entrepreneurship and strategy, it is now possible to identify and evaluate those elements which contribute to the fundamental principles of strategic entrepreneurship. Six such elements are identified and reviewed briefly in this section, being identification of opportunity, innovation, acceptance of risk, flexibility, vision, and growth.

Given the wealth of definitions already existing on elements such as these within the fields of both entrepreneurship and strategy, this section does not aim to add to the list of such definitions. As noted by Gartner (2001) and Shane (2003), while definitions aim to clarify or identify a concept, the existence of multiple definitions on a particular topic, at times inconsistent and often conflicting, effectively adds to the complexity within a discipline. As such, rather than seek to define these elements, this study focuses on identifying the core elements central to strategic entrepreneurship, and highlighting the key aspects of those elements. This approach is consistent with the views of Gartner (2001), who notes that some of the most significant contributions to theory can be made not by defining concepts, but by identifying key elements and aspects, thereby indicating how and where theory should progress in the future.

Returning to the review of entrepreneurship literature, each of the six themes identified has been established as central to the concept of entrepreneurship. Building on research findings within the various disciplines which have examined entrepreneurship, and considering this in the context of strategy, these six elements can also be identified as central to the concept of strategic

entrepreneurship. This is evident through the discussion of opportunity recognition within Meyer and Heppard's (2000) notion of dominant logic, Hitt et al.'s (2001) emphasis on innovation within their six domains of strategic entrepreneurship, Lumpkin and Dess' (1996) reference to an acceptance of risk within the notion of an entrepreneurial orientation, Eisenhardt et al.'s (2000) emphasis on flexibility when operating on the edge of chaos, Covin and Slevin's (1989) reference to vision or focus within the notion of an entrepreneurial strategic posture, and Ireland et al.'s (2001) reference to growth. Each of these fundamental elements is discussed briefly under the relevant headings below.

a) Identifying opportunity

Identification of opportunity is a key theme within the literature on strategic entrepreneurship, and is an important source of competitive advantage (Hitt et al., 2002; Meyer et al., 2002). Ireland et al. (2003) include opportunity recognition within the dimension of an entrepreneurial mindset. Bhide (1994) emphasises the importance of balancing opportunity identification with analysis, judgment, and strong execution skills. As noted by Fesser and Willard (1990), opportunity identification does not necessarily mean international expansion, but rather a breadth of vision to identify opportunity in product or service gaps; atypical markets which have not yet been exploited.

b) Innovation

One of the distinctive competencies of the entrepreneurial venture is its ability to innovate (Kirby, 2003). The concept of innovation is also recurring within the literature (Drucker, 1985; Ireland et al., 2001; Ireland et al., 2003; Sonfield, Lussier, Corman, & McKinney, 2001), and Sonfield and Lussier (1997) expand on this concept as they propose the most effective way to position an entrepreneurial venture is using two of its key strengths: risk and innovation. Hence innovation emerges as a fundamental element of strategic entrepreneurship, and further contributes to establishing competitive, strategic advantage.

c) Risk

The notion of risk to which McCarthy and Leavy (1999) refer, may perhaps be better explained by Smircich and Stubbart's (1985) concept of the perceived environment: interpreting the environment based on individual perceptions. Building on this concept of the perceived environment, it may be argued that risk is not necessarily fundamental to entrepreneurial strategy or strategic entrepreneurship, but rather the perception of risk within an entrepreneurial mindset

differs from the more general perception of risk.

As such, it is not that the entrepreneur makes a conscious decision to engage in high risk situations, but rather his perception of that situation, based on their analysis, judgment, and intuition, is one of moderate rather than high risk (Busenitz & Barney, 1997). Hence the association of entrepreneurship with a deliberate preference for high risk is largely incorrect. Rather, it is an acceptance of risk which is characteristic of entrepreneurs and fundamental to strategic entrepreneurship, and when balanced with judgment and intuition, becomes a potential source of competitive or strategic advantage.

d) Flexibility

While a number of specific strategies have been proposed within the context of strategic entrepreneurship, perhaps the more fundamental concept is that despite the actual strategy adopted, it is essential that firms are able to respond quickly to change (Eisenhardt et al., 2000). Hence it may be more useful to step back from the detail of specific entrepreneurial strategies and typologies, and focus on flexibility as a key principle of strategic entrepreneurship.

The importance of flexibility relates to balancing structure with the freedom to implement and alter strategy (Eisenhardt et al., 2000). Such flexibility will allow quick response to change (Bhide, 1994), and regular review of an organisation's core competencies to ensure these competencies continue to develop and progress (Prahalad & Hamel, 1990). Ultimately, such flexibility assists in the creation of both competitive advantage and sustainable competitive advantage (Barney, 1991) on an on-going basis. If a firm allows its core competencies or key strengths to become static, strategic options in the future will be limited (Hitt & Reed, 2000). Hence the necessity of flexibility: to continually develop and enhance core competencies (Barney, 1991) is fundamental to strategic entrepreneurship.

e) Vision

Establishing a clear vision of the future (Mintzberg & Waters, 1982), and developing strategy which integrates opportunity and advantage within that vision (Hitt et al., 2001) are also significant and recurring themes within the literature. Each of the specific studies detailed in the previous section incorporates the concept of vision through the initial identification of an opportunity to exploit, and the subsequent strategies formulated to achieve this exploitation. Hence the concept of vision can be identified as another fundamental element.

Vision essentially complements opportunity identification, innovation, risk, and flexibility; as it facilitates the identification of specific opportunities and ideas for innovation, allows the identification and evaluation of risk through an assessment of opportunity (Kirzner, 1997), and supports the element of flexibility to identify both the need for change and viable alternatives, when strategy must be altered to maintain competitive advantage. Inherent in the entrepreneur's vision, is not only the innovative ideas and the formulation of integrated strategies, but also a fundamental goal of reward through financial or personal gain and growth of the business. Hence reward through growth can be identified as a separate element fundamental to strategic entrepreneurship, or part of the broader concept of vision as it is presented in this study.

f) Growth

Growth is identified by Mintzberg (1973) as a key element of the entrepreneurial mode, and remains a recurring theme within entrepreneurship and strategy literature (Ireland et al., 2001; Ireland et al., 2003). McClelland (1962) explains growth as a mark of achievement, which indicates that a business not only has innovative and creative ideas, but also the structure and strategy to foster those ideas into a profitable, expansive business venture. Thus growth represents implicit recognition of success or reward.

Hence, based on the above, the fundamental principles of strategic entrepreneurship are consistent with the key elements of entrepreneurship based on the definition derived from established entrepreneurship research. The six elements considered fundamental to strategic entrepreneurship and their respective dimensions are summarised in Table 2.4 below.

Table 2.4   Fundamental elements of strategic entrepreneurship

Fundamental elements of strategic entrepreneurship	Key dimensions of each element
Opportunity identification	• identifying opportunity through alertness and discovery • evaluation of opportunity, through balanced judgement, intuition, and strong execution skills
Innovation	• innovation to create competitive advantage
Acceptance of risk	• willingness to accept risk, based on analysis, judgement and intuition • perception of risk as manageable
Flexibility	• flexibility to identify the need for change and implement change quickly, • thereby establishing a sustainable competitive advantage
Vision	• establishing a vision of the future • acting on that vision
Growth	• growth through achievement • growth in the size of the business and profits • growth as reward, implying success

Individually, these elements contribute to the creation of competitive advantage and sustainable competitive advantage, for businesses of all sizes. Collectively, these elements can be viewed as fundamental characteristics of strategic entrepreneurship, and used as a foundation for both further research and as a benchmark for comparison with activity employed by firms widely recognised as both strategic and entrepreneurial. Such comparison is undertaken in the following chapters, which present a framework of strategic entrepreneurship, and then consider this framework in the context of three separate organisations.

2.4.2 Limitations of existing research

As noted previously, a number of anomalies and inconsistencies are evident within the existing research relating to entrepreneurship within the field of strategy. These issues are outlined briefly below, such that they can be identified and addressed in future research, and duly considered in the development of the proposed framework of strategic entrepreneurship.

The existing literature on strategic entrepreneurship often presents conflicting and unsubstantiated conclusions regarding what constitutes entrepreneurship, before continuing to examine the extended concept of strategic entrepreneurship. Sonfield and Lussier (1997) note this inconsistency, stating "at one point, the terms of small business and entrepreneurship were used interchangeably. Today, entrepreneurship can refer to business activity of all sizes" (p. 73). Accordingly, there is a need for the researchers involved in those studies to revisit their basic assumptions on entrepreneurship and support them with additional and comprehensive research on entrepreneurship as a separate topic, before building on those conclusions. Alternatively, research on strategic entrepreneurship which begins with authors' views on the key principles of entrepreneurship should at least be referenced to prior entrepreneurship research which can substantiate those views.

Another aspect of existing research which suggests limitations are inherent is the association of entrepreneurial strategy making with wealth creation (e.g. Dess et al., 1997; Ireland et al., 2001). These studies examine the nature of wealth creation and financial success in somewhat subjective terms, by requesting organisation executives to rate aspects of financial performance (e.g. sales growth, profitability), in terms of relative importance and relative satisfaction within their organisation. The use of such measures, however, gives rise to questions of

appropriateness and adequacy as indicators of financial performance, given the subjective nature of the data collated. As noted by Miller and Friesen (1978), scale ratings often represent only subjective impressions of busy company executives. Miller and Friesen (1978) also highlight the importance of comparing a firm's success indicators to industry performance, in order to conduct a more meaningful analysis of success. Given that financial success measures are inherently quantitative in nature, and are recognised as such in other fields of research (including entrepreneurship and economics), arguably studies which link entrepreneurial and strategic activity to wealth creation, without reference to quantitative measures such as profit seem inadequately substantiated.

Given that the field of entrepreneurship is commonly associated with ambitious and highly driven individuals (McClelland, 1962) this will often result in challenging targets being set by these individuals ranging from difficult to extreme. Similarly, the expectations entrepreneurs place on themselves and the business may also be high, such that it is conceivable even an established industry leader may be dissatisfied with the organisation's performance if it did not meet their high personal expectations. Conversely, an entrepreneur with relatively modest expectations of financial performance for a given year (e.g. due to capital expansion, or new market entry), may be extremely satisfied if those expectations are exceeded or even met. On this basis, the subjectivity within measures used by Dess et al. (1997) to analyse financial performance in terms of relative importance and relative satisfaction of financial indicators, also seem somewhat detached from variable intended for measure.

A further point to consider is that of financial success within the sphere of entrepreneurship. As noted by Bhide (2003), while financial indicators are often used to measure the success of an entrepreneur, financial failure of a venture does not necessarily mean the entrepreneur is unsuccessful. Many entrepreneurs of the 1980s are famous not only for their innovation and creation of wealth, but also for losing their accumulated wealth several times over (McCormack, 2003). Thus financial measures as a key or sole indicator of entrepreneurial success seem perhaps, insufficient. Arguably, what characterises an entrepreneur (at the individual or organisational level) is the ability to learn from their mistakes, identify new opportunities, and continue beyond failure.

As noted previously, while Ireland et al.'s (2003) study addresses many of the concerns raised with respect to prior research, essentially certain concerns remain. In particular, the direct

association between strategic entrepreneurship and wealth creation, the distinction between small and large organisations, and a continued emphasis on strategic entrepreneurship at the organisational level. In addition, newly introduced concepts such as the emphasis on human capital within strategic management of resources (essentially fundamental to any business activity), and the level of detail presented throughout Ireland et al.'s discussion of the model (such as absorptive and realised capacity within the strategic management of resources, allocating sufficient financial capital to acquire appropriate human and social capital, balancing radical and incremental innovation); effectively create unnecessary complexities which are arguably removed or detached from the core principles of strategic entrepreneurship.

One final point to note is the general lack of empirical support for research on the topic of strategic entrepreneurship. This is particularly relevant to the models and frameworks of strategic entrepreneurship presented by Eisenhardt et al. (2000), Ireland et al. (2001), Hitt et al. (2001), and Ireland et al. (2003), which are essentially theoretical in nature. Ireland et al.'s (2001) study is one of the few to incorporate any reference to actual business practice, and provides only brief examples of existing organisations relevant to their framework. Thus, practical support for such frameworks is limited, and empirical support is absent.

In order to address these issues, this study examines the concept of strategic entrepreneurship as the point of intersection between entrepreneurship and strategy within a practical context involving three SOEs. Accordingly, for the purposes of providing a contextual overview of this concept, a brief review of strategic entrepreneurship literature within a public sector environment is presented in the following section.

2.5 Strategic entrepreneurship in a public sector context

As noted previously, literature on entrepreneurship examines a wide range of perspectives. One aspect which has, however, been given only limited attention is that of entrepreneurship in a government context. This may in part, be attributable to the association of entrepreneurship and profitability, typically considered in the context of private organisations (Bahaee & Prasad, 1992). As noted in Section 2.4.1, however, the direct association between entrepreneurship and profit may be more appropriately defined as an association between entrepreneurship and reward in

some form, be it profit, growth, or otherwise. Thus, consistent with Drucker's (1985) view, the notion of entrepreneurship is equally relevant to both public and private organisations. Accordingly, this section provides an overview of the literature on entrepreneurship and government, presenting the issues and implications identified within the literature, as well as highlighting issues yet to be considered in detail.

Given the very limited research undertaken on strategic entrepreneurship as the intersection of entrepreneurship and strategy, there is no such literature on this topic which specifically addresses strategic entrepreneurship in a public sector context. What has been noted, however, is that much of the literature on entrepreneurship in a public sector or government context effectively considers the combination of entrepreneurship and strategy with respect to government organisations. Hence, this literature has been examined and evaluated as preliminary studies on strategic entrepreneurship in a government context, and is considered on that basis below.

2.5.1 Strategic entrepreneurship and government policy

Traditionally the role of government has been viewed as one focused on policy and administration: implementing appropriate legislation and regulations, and ensuring such rules are duly applied and enforced, to provide a framework for a stable, progressive society (Moe, 1994). Implied within this definition, is the role of government to also provide basic public services, which often extend beyond core functions such as standard-setting and enforcement. Essentially, the scope of such services differs between countries, depending on the level of market deregulation, and the development of private sector organisations within each country. Historically however these services have included basic functions and utilities such as health care, education, electricity, water, and telecommunications (Hardwick, Kahn, & Langmead, 1999; Stretton, 2000).

Due to changes over time such as advancements in technology and liberalisation of financial markets, particularly in developed nations, resources such as large scale finance, capital assets, and expansive networks, have become increasingly accessible to private sector organisations (Organisation for Economic Cooperation and Development [OECD], 1998). Thus traditional barriers to entry such as high start-up costs, significant capital investment, and large scale demand and supply requirements (often at a regional or national level); traditionally associated

with core public service industries, have diminished considerably. As such, these industries have become increasingly manageable for private sector organisations. Subsequent deregulation of such industries (whereby government organisations which had operated in a monopolistic or oligopolistic environment allow private sector organisations to enter the market and establish similar operations) has made entry to these markets increasingly open. This has resulted in competition for public sector organisations in these industries, as well as the opportunity for governments to privatise existing public sector organisations (Zahra & Hansen, 2000) which they do not wish to continue operating.

The issues of deregulation, competition, and privatisation are particularly relevant given the increasing demand for accountability within government, from both a financial and social perspective. As a reflection perhaps of a progressive society, governments are increasingly held responsible not only for policy making and provision of basic public services, but also for the manner in which they serve those functions. This includes responsibility for issues such as stewardship, efficiency, and effectiveness, as well as the promotion of continued economic development by way of fostering entrepreneurial activity (Reynolds et al., 2004; Teske & Schneider, 1994). The notion of *entrepreneurial government* has been used in a number of contexts including civic-regarding entrepreneurship (Bellone & Goerl, 1992) promoting the involvement and participation of citizens in the democratic process; public entrepreneurship (Shockley, Frank, & Stough, 2002) involving a more innovative and opportunity focused approach to government administration; and managerial entrepreneurship (Moon, 1999), involving enhancement of customer satisfaction and service levels, while eliminating unnecessary bureaucracy and expense.

One such aspect which has received little attention, however, is the notion of strategic entrepreneurship in a government context, involving the promotion of activities which are both entrepreneurial and strategic. Frohlich, Oppenheimer, and Young (1972) have considered a specific aspect of this from an economic perspective, in the context of political leadership and the supply of collective goods. Others such as Shockley et al. (2002) have broached certain aspects of strategic entrepreneurship in a government context, through an emphasis on innovation. Essentially, however the notion of strategic entrepreneurship as the intersection of entrepreneurship and strategy has not been comprehensively explored in the context of public sector or government organisations.

Given the objectives and expectations of governments to be more innovative and strategic in providing efficient and cost effective services to the public (Gore, 1993), arguably an approach which is both entrepreneurial and strategic deserves consideration. Thus, if governments are to address the call for innovative and strategic conduct together with fostering continued economic development, strategic entrepreneurship seems a viable approach to achieve this.

Within both theory and practice, enhancement of entrepreneurial activity, or more specifically, a combination of entrepreneurial and strategic activity, is recognised as an important tool for development. From a microeconomic perspective, fostering entrepreneurship or strategic entrepreneurship is widely viewed as a potential source of wealth creation for individual organisations (Hitt et al., 2001; Ireland et al., 2001). From a macroeconomic perspective, fostering such activity is increasingly associated with national economic development and growth (OECD, 1998; Reynolds, et al., 2004).

Attention in this area has focused primarily on government and economic policy assisting and supporting the private sector through the promotion of entrepreneurial policies to foster economic growth. Recent studies in this area indicate entrepreneurial activity can be fostered through economic policy which is open and supportive of business development (Swierczek & Quang, 2004), streamlined regulatory requirements (Bharath, 2004), and increased assistance in accessing finance (Prince, 2003). Such initiatives are collectively referred to by Massey (2003, p. 128) as *enterprise assistance programs*. Specific initiatives employed by government include establishing export trade offices in foreign cities to promote national products and services, attracting foreign investment through the establishment of industry and trade zones, business incubators, taxation incentives for foreign investors, regionalised financial incentives (e.g. low interest loans for businesses located in areas of high unemployment, and government supported capital venture programs (Ventriss, 2002). While Ventriss acknowledges the popularity of such initiatives by federal and often state governments of developed counties, he also questions their effectiveness, comparing the funding allocated to such programs with the returns received.

An area which has received far less attention in the search for governments fostering entrepreneurial, or strategic and entrepreneurial activity, however, is the rather more simplistic approach of governments leading by example. The association of government organisations with bureaucracy is a long-standing one (Moe, 1994). Traditionally government organisations have been viewed as inefficient and overly regulated. Such inefficiencies are commonly attributed to

unnecessary and ineffective procedures resulting in onerous and cumbersome processes (Wilson, 1989). While this tradition is generally well recognised and ill received (Miller, 1994), there has been little change in the conduct or perceived conduct of such organisations. Arguably, however, adoption of strategic entrepreneurship within government organisations is an equally viable option for promoting entrepreneurial and strategic activity on a national scale, and offers both economic and non-economic benefits such as enhanced trust in and support of government. Thus, examination of this concept in some detail seems feasible, if not essential.

2.5.2 Strategic entrepreneurship and government practice

One of the few who has begun to examine this notion is Weinstock (2002).   Specifically, Weinstock contends there is a strong foundation for government organisations incorporating entrepreneurial activity, focus, and strategy. While such organisations "are still a minority...their ranks are growing" (Weinstock, 2002, p. 55).   Arguably, review of this minority can provide lessons for government and non-government organisations elsewhere.   Teske and Schneider (1994) support this notion, arguing cases of entrepreneurial government can be analysed and explained systematically, thus providing guidance for others, rather than considered as a rare, chance occurrence.

Certainly the identification of an underlying systematic approach to strategic entrepreneurship which achieves the intended results, offers substantial benefits to government and non-government organisations alike.   Within NZ alone, government spending on public services represented 94 per cent of the total operating costs and 79 per cent of the total capital costs for the 2004 Budget (New Zealand Treasury, 2004). This expenditure was primarily funded through taxpayer contributions.   Thus, even small changes in cost savings, increases in efficiency, and profit based objectives within government organisations would have a significant impact on the nation's economy. Essentially, however, an understanding of any underlying system or structure resulting in activity which is both strategic and entrepreneurial, *strategic entrepreneurship*, is still being obtained.

Shaker Zahra, Entrepreneurship Program Chair for the Academy of Management in both 2004 and 2005, has examined the notion of entrepreneurship within government in detail. In particular, Zahra and Hansen (2000) suggest a combination of entrepreneurship and strategy in government

can be achieved through privatisation, or abstract privatisation. Specifically, Zahra and Hansen examine changing ownership, or both management and ownership within government organisations through privatisation (sale to the private sector) of SOEs. Alternatively, they examine abstract privatisation, whereby lease agreements or management contracts are entered into with private sector organisations for the management of SOEs. Such arrangements are viewed as consistent with the promotion of a free market system, encouraging risk-taking, innovation, and entrepreneurship. According to Zahra and Hansen, these changes offer significant benefits, and alter the dynamics of global competitiveness.

Essentially Zahra and Hansen (2000) note that government organisations often introduce inefficiencies and stifle economic growth. This, coupled with the globalisation of the world economy pressuring all organisations (both public and private) to become more productive, suggests the solution for SOEs is privatisation in some form. "The persistent failure of SOEs has pressured policy makers to explore privatisation" (Zahra & Hansen, p. 85). Previous studies which identify the immediate problems associated with SOEs highlight failure to deliver high standards of living, delays in national economic, social, and technological progress; and significant financial loss (McKinnon, Aslund, & Rostowski, 1994). Extended implications identified by Zahra and Hansen (2000) include stifled growth within private sector organisations due to the availability of government protection and insulation from the discipline of a free market economy. Conversely, the benefits of privatisation identified by Zahra and Hansen include promoting competition, reducing costs, increasing productivity, raising funds and improving capital markets. Each of these is considered further below.

Opening up economies to national and international competition through privatisation, Zahra and Hansen contend, encourages risk-taking, initiative, and entrepreneurial decision-making. Competition, they argue, fuels innovation, growth, and profitability. Additional benefits include public access to international goods and services, higher standards of living, and a resulting influence on organisations in general to adopt innovative technologies and respond to changes and challenges in global competition.

Such competition is also associated with reduced costs and increased productivity, by emphasising the importance of market discipline, strategic choice, and competitive advantage; such that "only the most efficient companies survive" (Zahra & Hansen, p. 87). One aspect within this notion is the investment in selection, training, and management of staff. Such actions not

only enhance productivity within individual organisations, but collectively impact on the international competitiveness of a nation as a whole.

Lastly, the financial benefits of privatisation are identified as providing additional government funds which can be applied to meet social welfare obligations, repay national debt, and finance further economic growth and development. An emphasis on competition is also associated with increased efficiency in capital markets, thereby increasing the strategic and entrepreneurial expectations placed upon management.

Examination of such proposals however, gives rise to several issues, some of which are acknowledged by Zahra and Hansen as obstacles to privatisation, requiring attention. These obstacles include privatisation essentially being both a costly and involved process, the loss of national resources through the sale of assets, uncertainty regarding the abilities and intentions of any new private sector management, increase in unemployment due to subsequent downsizing, resulting loss of trust in the political system, public resentment of foreign ownership, reduction in public sector spending, increased costs of goods and services, and elimination of industry subsidies to domestic private sector organisations operating within privatised industries. Clearly these issues are significant in both number and scope. Further complexity emerges through the management of such issues primarily focusing on avoiding the mistakes other countries have already made (Ol'shtynskii, 1991). Nations such as Chile, Egypt, Poland, and Russia have all provided lessons on what to avoid in the course of privatisation (Zahra & Hansen, 2000). Extreme disparity of wealth, perceived inequity, corruption within the privatisation process, and lengthy delays in transforming established institutional mindsets of SOEs: "a monumental undertaking that sometimes takes decades to achieve" (Zahra & Hansen, p. 97); are just some examples.

Despite these issues, exploring privatisation continues to be seen as a viable option by policymakers, in response to the "persistent failure of SOEs" (Zahra & Hansen, p. 85). In consideration of both the costs and benefits however, arguably researchers and policymakers are over-looking a more viable but seemingly less obvious solution; that of promoting entrepreneurial activity within government, encouraged through market deregulation. As noted by Easton (1999, para. 10) "if privatisation is the answer, very often one has misunderstood the question". The underlying assumption of privatisation is essentially that government organisations such as SOEs are unable to be competitive, commercially viable, and profitable organisations. Arguably,

however, the first issue to be explored is not privatisation, but rather what is preventing such organisations from becoming commercially viable. Rephrased, the question becomes what is required for SOEs to be competitive and profitable organisations? While market deregulation may not be a viable solution in all situations, such as developing countries which have neither the resources to be competitive nor the intention to allow foreign ownership, arguably the notion of deregulation as an alternative to privatisation should at least be considered. Certainly a comparison of the costs and benefits associated with deregulation suggests the notion deserves some attention.

With respect to the benefits of privatisation identified by Zahra and Hansen (2000), arguably each of these is available through market deregulation, such that government organisations can continue to operate in a competitive market environment, rather than be disposed of. A free market economy, increased competition, decreased costs, increased productivity, and more efficient capital markets can all be achieved through the competition fostered within a deregulated industry, and essentially provide SOEs with the opportunity and challenge to take part in these changes. This would effectively encourage or force SOEs to become more efficient and entrepreneurial, and allow governments to maintain their investment in these organisations (provided it is commercially viable to do so) without encountering the economic, political, and social problems associated with privatisation. Such problems are reconsidered briefly below in the context of deregulation.

Deregulation as an alternative to privatisation, essentially eliminates the resources (e.g. time and cost) required as part of the privatisation process. Ultimately the sale of an investment such as a SOE is a one-off transaction, which involves the disposal of income-producing assets. Thus any gain on sale is essentially made at the expense of future potential profits derived from those assets; in economic terms, the opportunity cost. Deregulation however, not only provides the opportunity for national resources to be retained, enhanced, and used to provide a recurring income stream for government; but also offers management and employees the opportunity to develop and establish themselves in a free market economy. Consequently issues such as uncertainty regarding intentions of new private sector management, pending unemployment, and loss of trust in the political system are not direct implications of deregulation. Essentially what does emerge is a government with the confidence in its people, operations, and organisations, which may continue to provide an element of support (where necessary) to the SOE in its transition to a commercially independent organisation, if required. Thus, the notion of

entrepreneurship in government is a viable one, which can be achieved through a combination of entrepreneurial and strategic activity.

Such an approach is gaining increasing recognition within government as public administration shifts from a traditionally bureaucratic or administrative paradigm, to an entrepreneurial one. Specifically, Moe (1994) refers to an entrepreneurial paradigm as one which blurs the distinction between government and private sector organisations. Essentially this approach to government is associated with a results based outlook, accountability for such results, strong customer focus, and a decentralisation of authority. Hence there is a strong association between government and efficiency.

The promotion of an entrepreneurial government was proposed by the United States' Vice President Al Gore in the 1993 National Performance Review report "From red tape to results". Within the report over 800 recommendations are made, both general and specific regarding measures the United States administration should adopt to achieve an entrepreneurial approach to government (Gore, 1993). Implementation of such recommendations, Gore contends, would save the United States government US$108 billion over five years. Such recommendations include the reduction of government personnel involved in micro-management and over-control, biennial budgeting, privatisation of SOEs, and increased outsourcing of traditionally government functions.

Critics of the report such as Moe (1994) argue that essentially the role of government is an administrative one, setting policies and frameworks within society. Ultimately Moe (1994) contends the responsibility for policy-making and standard setting should be centralised within an administrative system held accountable for that function. While this view is acknowledged and supported, arguably it is not incompatible with an entrepreneurial approach such that the core functions of government continue to be addressed, but in a manner which is efficient, customer focused, and cost effective. Despite such criticisms, Moe (1994) does note that the proposed recommendations include policies both worthy and unworthy. Thus, while the approach promoted by United States government in 1993 may be viewed as a rather strict or extreme interpretation and application of entrepreneurship within government, arguably the opportunity to adopt such an approach within government is a feasible one.

Essentially the basic principles of an entrepreneurial approach within government do offer

practical guidelines under which the public sector can operate, while still attending to the core functions such as policy determination. Although given only limited attention, such principles are not new and can be traced back to the works of Woodrow Wilson (1887) who viewed public administration as a business. This view remains equally relevant to modern day public administration (Doig, 1985). Thus the notion of government employing private sector management techniques to move towards a more commercial and efficient form of public administration begins to resurface. Objectives such as operational efficiency or excellence, cost minimisation, strong customer focus, and commercial viability are equally relevant to government and non-government organisations. Thus the entrepreneurial government paradigm in its most basic form may continue to address basic government functions, while incorporating a different approach to the manner in which it carries out both core and ancillary functions. Such an approach is considered in a practical context in Chapters 5, 6, and 7, by examining three separate government organisations within New Zealand, and their efforts to employ entrepreneurial strategies.

2.6 Summary

This chapter has examined the literature on entrepreneurship, and to a lesser extent strategy and strategic management, for the purposes of identifying elements common to these constructs, thereby providing the opportunity to determine their point of intersection, namely strategic entrepreneurship. Literature on the relationship between entrepreneurship and strategy, and the topic of strategic entrepreneurship were subsequently examined and compared to themes considered central to the founding concepts in order to consider the fundamental elements of strategic entrepreneurship. Limitations within the literature were then identified, before reviewing recent developments in strategic entrepreneurship literature which effectively address some of these limitations, and highlight a change in the direction of strategic entrepreneurship research. Lastly, a review of strategic entrepreneurship in the context of the public sector, both policy and practice, was conducted to identify the potential application and benefits of strategic entrepreneurship within this domain.

Key findings derived from a review of the literature on entrepreneurship, strategic management, and strategic entrepreneurship, revealed six elements fundamental to both entrepreneurship and

strategy. Collectively these elements represent strategic entrepreneurship, both a field of study and a specific concept at the intersection of entrepreneurship and strategy, which is relevant to business activity at all levels, both public and private. In view of these findings the following chapter presents a framework of strategic entrepreneurship which incorporates the core elements of strategic entrepreneurship discussed and presented in this chapter, and addresses the limitations identified within contemporary research.

Chapter 3

3. A preliminary framework of strategic entrepreneurship

3.1 Introduction

This chapter builds on the concepts detailed in the literature review to derive a preliminary framework of strategic entrepreneurship. Essentially, this framework incorporates the fundamental elements of strategic entrepreneurship by drawing on findings and conclusions in Chapter 2, to present a more complete account of strategic entrepreneurship, as the intersection of entrepreneurship and strategy. Thus, the notion of strategic entrepreneurship as a specific concept is explored and evaluated. Through this process both a conceptual framework and a clearer picture of strategic entrepreneurship are developed; the circle of strategic entrepreneurship.

3.2 Strategic entrepreneurship: a proposed framework

Based on the literature review in Chapter 2, six elements were identified as central to both entrepreneurship and strategy: opportunity recognition, innovation, acceptance of risk, flexibility, vision, and growth. In an effort to enhance the understanding of strategic entrepreneurship, the proposed framework draws on and extends these elements, to address issues such as the scope, operation, and function of strategic entrepreneurship. This framework is essentially a configurational approach (Meyer, Tsui & Hinings, 1993) which identifies elements central to the concept of strategic entrepreneurship, and considers the integration and interdependency of these elements to effectively create strategic entrepreneurship. Ultimately the framework may be applied by businesses and entrepreneurs in all forms to structure and refine their enterprise or business architecture.

The term *enterprise architecture* is used by Veasey (2001) in a holistic context to refer to the framework and structure within an organisation. Wolfenden and Welch's (2000) reference to *business architecture* relates to a similar concept, suggesting a better understanding of areas for performance improvement can be obtained by identifying the actual and desired framework of an organisation. As an extension of this concept, strategic entrepreneurship can be viewed as a

form of strategic architecture: outlining the various elements which should be incorporated in the development of strategy. Refinement of both structure and strategy within a business represent a continuous challenge to establish and maintain competitive advantage in a changing competitive landscape (Hitt et al., 2002; Veasey, 2001).

The concept of strategic architecture is considered in more detail below, by presenting the elements which represent the foundations of the strategic entrepreneurship framework, and then considering this framework in a practical business context.

3.3   Fundamental elements of the proposed framework

In view of the limitations detailed in Chapter 2 and the subsequent analysis of the fundamental elements of strategic entrepreneurship, it may be argued that strategic entrepreneurship is a combination of elements: opportunity recognition (Meyer & Heppard, 2000), innovation (Ireland et al., 2001), acceptance of risk (Dess et al., 1997), flexibility (Eisenhardt et al., 2000), vision (Covin & Slevin, 1989), and growth (Hitt et al., 2001). Individually these elements represent strengths of a business; a potential source of advantage. Collectively these elements constitute strategic entrepreneurship, which may be viewed as an independent, discrete concept; a potential source of competitive advantage.

This notion is similar to the *system of forces* Mintzberg (1991) refers to in the context of effective organisations, as he examines the factors which influence the effectiveness of firms. In his review, Mintzberg (1991) proposes forces and forms create the framework of an effective organisation. Similarly, the framework detailed in this chapter proposes six fundamental elements contribute to the creation of strategic entrepreneurship, and potentially, competitive advantage.

Once established, strategic entrepreneurship as a separate concept or identity may interact with other forces and elements both internal and external to the business. Thus strategic entrepreneurship can be used to assist a business in developing new methods, exploiting new markets, and continually refining strategy in a changing business environment. Ultimately this will foster growth, improve the business's competitive position, and allow opportunities to be identified

within the political, economic, and technological environments in which it operates (Hitt et al., 2002; Ireland et al., 2001).

Accordingly, the first proposition is such that:

P1:   *Strategic entrepreneurship is based on the fundamental elements of opportunity recognition, innovation, acceptance of risk, flexibility, vision and growth. Collectively these elements represent the independent concept of strategic entrepreneurship which is a potential source of competitive advantage.*

This proposition is similar to the notions put forward by others such as Eisenhardt et al. (2000), Hitt et al. (2001), detailing strategic entrepreneurship as a process based model which incorporates a number of elements. The proposition does, however, differ in the specific elements which are considered to be central to the framework of strategic entrepreneurship, based on the analysis and findings detailed previously, differentiating and distinguishing concepts such as *growth* from *internationalisation*. Essentially the six fundamental processes detailed by Eisenhardt et al. (2000), and the six domains put forward by Hitt et al. (2001), have been modified to reflect elements considered central to strategic entrepreneurship as an extension of the founding concept of entrepreneurship.

Whilst the elements detailed as fundamental in the first proposition have not been empirically tested, they do have a firm theoretical grounding. This is supported by research findings from the early works of Ansoff (1965) and his association of strategic decisions with entrepreneurial decisions, to the recent studies of Hitt et al. (2002) which identify strategic entrepreneurship as a combination of actions distinctly entrepreneurial: *focusing on opportunity*, with actions essentially of a strategic management nature: *creating competitive advantage*.

3.4 Scope of strategic entrepreneurship

While much of the literature (Eisenhardt et al., 2000; Hitt et al., 2001; Meyer & Heppard, 2000) associated with entrepreneurship within the sphere of management relates strategic entrepreneurship to entrepreneurship at the corporate level, arguably this concept can be applied

to all levels and forms of business, including individuals, small and medium sized entities, and global organisations. Essentially entrepreneurship examines the elements and qualities of entrepreneurial activity, irrespective of the size or level of a business. This includes elements such as the need for achievement (McClelland, 1962), balancing judgement and uncertainty (Bhide, 1994), creation of social and economic change (Barth, 1969; Menger, 1892).

As noted previously, the broad application of entrepreneurship as a concept is highlighted by Drucker (1985) who notes "entrepreneurship is based on the same principles irrespective of whether the entrepreneur is an existing corporation or an individual undertaking a new business venture" (p.165). Others such as Sonfield and Lussier (1997) reinforce this notion by acknowledging that previously narrow interpretations of entrepreneurship have been replaced by the concept of entrepreneurship applying to business activity of all sizes.

Strategic entrepreneurship extends the concept of entrepreneurship by examining the cumulative effect of entrepreneurial elements when they are configured as an integrated set of elements, working together in a common direction, as a deliberate strategic objective. The value of this strategic objective is such that competitive advantage may be created. The notions of deliberate strategic objectives, competitive advantage, and strategic entrepreneurship are equally relevant to business activity at all levels. Strategic objectives are at the core of every business (Kay, 1993), just as competitive advantage is a goal of every business through various means such as product differentiation, niche market focus, and cost leadership (Porter, 1980).

Clearly, strategic objectives and competitive advantage are relevant to both individuals and organisations in business. Without strategic objectives, the business does not have clear direction, focus, and definition (Mintzberg, 1987). Competitive advantage is essentially a fundamental goal of businesses, and provides an enhanced strategic position from which to operate (Barney, 1991).

Similarly, strategic entrepreneurship: an approach to strategy based on the fundamental elements of entrepreneurship, in an effort to create competitive advantage; is relevant to business as a concept, rather than being relevant to business only in a particular context. Strategic entrepreneurship is not restricted to one particular domain, but rather presents a strategic framework which can be applied to any level of business activity to create a competitive advantage. Just as strategy and competitive advantage are relevant to all levels of business

activity, so too is strategic entrepreneurship. Certainly it would be difficult to rationalise why the concepts of innovation, flexibility, or growth; are relevant to large organisations alone.

Accordingly, the second proposition is such that:

P2:   The concept of strategic entrepreneurship is not restricted to a particular domain, but rather can be applied to various levels and forms of business.

This proposition is essentially an extension of Drucker's (1985) notion that entrepreneurship is not limited to a specific context, and is later supported by researchers such as Sonfield and Lussier (1997) who have over time, reached the same conclusion. While the second proposition has also not been empirically tested, it has strong theoretical grounding.

3.5 Circle of strategic entrepreneurship

The essence of strategic entrepreneurship is such that the fundamental elements work together, in a common or central direction. It is not necessary that each fundamental element has equal weight or force, but rather that each element is present, and collectively, cumulatively contributes to the outcome of strategic entrepreneurship. Hence these elements may be collectively viewed as part of strategic entrepreneurship; a separate identity. This is similar to both Eisenhardt et al.'s (2000) and Hitt et al.'s (2002) notion of strategic entrepreneurship being a combination of entrepreneurial and strategic actions. Strategic entrepreneurship is both created and bound by these collective forces. Hence the notion of strategic entrepreneurship as a separate identity or rounded concept emerges; *the circle of strategic entrepreneurship* (Luke & Verreynne, 2005).

The circle of strategic entrepreneurship is depicted in Figure 3.1, below. It is a configuration of the fundamental elements which form the complete picture of strategic entrepreneurship. The circumference of the circle is comprised of the six fundamental elements; each element represented as an arc within the total circumference. Individually, these elements are simply curves within a business' strategic position, and may interact directly with other internal and external environmental factors. Collectively, however, they form an integrated system taking on a new identity: the circle of strategic entrepreneurship.

Figure 3.1   The circle of strategic entrepreneurship

opportunity
recognition

flexibility   innovation

vision   acceptance
                               of risk

growth

☐ circle of strategic entrepreneurship, resulting in competitive advantage
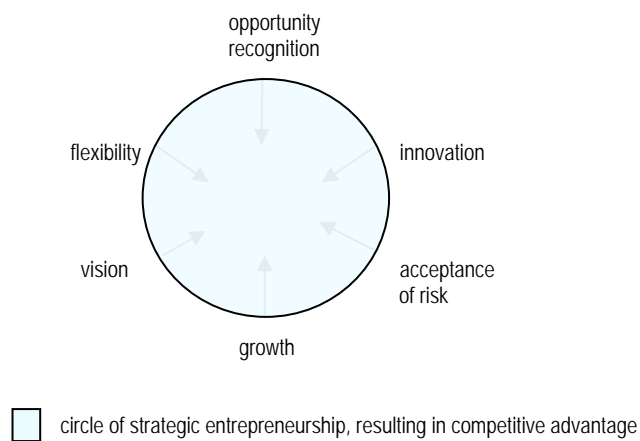
Again, this concept of a new identity is consistent with the work of both Eisenhardt et al. (2000) and Hitt et al. (2001), who present a number of elements which collectively constitute a framework of strategic entrepreneurship. As such, it is this new and separate identity of strategic entrepreneurship which interacts with the other internal and external environmental factors.

If all fundamental elements are not present, points of the circumference are not completely joined, and as such the circle of strategic entrepreneurship is incomplete. As shown in Figure 3.2, this not only results in an incomplete picture or strategy, but also creates the opportunity for elements which could contribute to strategic entrepreneurship, to operate in different and inconsistent directions.   As they are no longer bound or contained within the circle of strategic entrepreneurship, they may interact, join forces, or even conflict with other internal and external forces, resulting in a loss of synergy; forgoing competitive advantage.   Any alternative configuration to that shown in Figure 3.1, therefore, represents a weakness rather than strength.

Figure 3.2   Open system of entrepreneurial elements

opportunity
recognition

flexibility

vision

                               acceptance
                               of risk

growth

☐ Absence of strategic entrepreneurship, resulting in a loss of competitive advantage
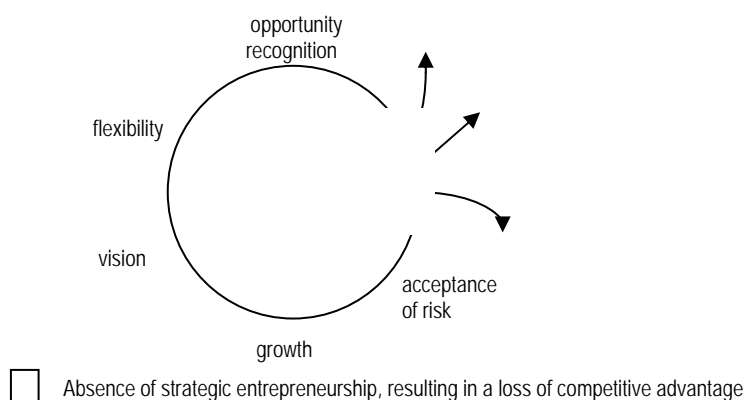
Thus the third proposition is as follows:

P3:   If all fundamental elements are not present, integrated and operating in a common direction, the concept of strategic entrepreneurship is incomplete. As such the elements which do exist, are not bound within the circle of strategic entrepreneurship, and may interact, complement, or conflict with other internal and external elements.

This proposition may be viewed as a new concept within the topic of strategic entrepreneurship, and represents an extension of Mintzberg's (1991) notion of the integration of forces within the context of effective organisations. As a concept new to strategic entrepreneurship, it has not been empirically tested.

3.6 Balance of the fundamental elements

Integration of the six fundamental elements creates the framework for strategic entrepreneurship; these elements working in a common, central direction. Once established, this framework will assist the business to adapt in a changing competitive landscape, balancing innovation with acceptance of risk, facilitating the vision to both identify opportunities and modify strategy as required.

While the integrated system of strategic entrepreneurship contains these elements, establishing and maintaining a balance of these elements is an ongoing process. This is perhaps implied by Eisenhardt et al. (2000) and Hitt et al. (2001) in their reference to the dynamics of chaos, and the changing competitive landscape, respectively. As the environment both internal and external continues to change, approaches to strategy and strategic entrepreneurship must continually be reviewed.

Strategic entrepreneurship is not necessarily the centre of the circle, but any point within the circle. Different points within the circle represent different strategic entrepreneurship profiles (e.g. innovation-led, growth-led) which may be identified within different businesses, or even within one business over time. Where innovation is a particularly strong force within a mode of strategic entrepreneurship, for example, the strategic position (Porter, 1980) would be identified as being

closer to the arc of innovation.

The actual balance of these elements may (and should, given the ongoing changes in the competitive landscape) change over time. This balance will determine the strength of the competitive advantage in a particular environment. As such, it is possible that different elements may dominate at different times. The key issue, however, is that the elements remain configured in an integrated system, having a common direction, such that they collectively, cumulatively work together to create strategic entrepreneurship. Hence it is the combination of elements, which is fundamental to strategic entrepreneurship as a concept, and the balance of these elements which determines the strength of any competitive advantage created.

Hence, a final proposition is such that:

P4:   *strategic entrepreneurship requires a balance of the fundamental elements, rather than a precise weighting of each element. This balance may shift over time, however provided a balance of each of the elements is maintained, competitive advantage may be created and maintained.*

This proposition may be viewed as deductive reasoning, based on the concepts presented in the first and third propositions: creation of strategic entrepreneurship involves the integration of six core elements, and where all six elements are not integrated, strategic entrepreneurship will cease to exist. Thus, it is the integration, rather than the weighting of elements which is fundamental. This notion can also be viewed as an extension of Mintzberg's (1991) theory on forces within effective organisations. As a concept newly applied to the topic of strategic entrepreneurship, it has not been empirically tested, but is perhaps implied within the frameworks presented by Eisenhardt et al. (2000) and Hitt et al. (2001).

3.7 Maintaining the framework

Once the circle of strategic entrepreneurship is created, the ongoing task is to establish fit with the other internal and external forces. As such, a business must balance the fundamental elements within strategic entrepreneurship, whilst adapting strategic entrepreneurship as a

separate identity to the competitive environment, such that it best exploits the competitive business environment at any given point in time.

If any single element dominates to such an extreme that the other elements are ignored, or any of the six elements recedes to the extent that it is no longer identifiable, the competitive advantage created by strategic entrepreneurship will diminish. Ultimately this gives rise to the risk that the circle of entrepreneurship will be reduced to an arc of entrepreneurial elements. Innovation by itself, cannot create strategic entrepreneurship. But innovation, together with the other fundamental elements can facilitate strategic entrepreneurship. Hence it is essential that each of the six elements interact to balance the remaining elements. There may, at times, be conflict between the elements within the closed system or circle of strategic entrepreneurship, however to maintain a balance, it is important that each of these elements accommodates the others. Thus, there may be occasions when a choice must be made between two elements (e.g. further growth versus risk; flexibility to change a strategy versus vision to continue following that strategy).

3.8 Summary

Accordingly, a theoretical framework of strategic entrepreneurship has been established and illustrated. This framework is essentially based on the entrepreneurship and strategy literature reviewed and discussed in Chapters 2 and 3, and the conclusions drawn from that literature. In order to examine this framework in a practical context, appropriate research methods were considered and evaluated. These methods are presented in the following chapter.

Chapter 4

4. Research method

4.1 Introduction

Within the literature, research on the topic of strategic entrepreneurship remains rooted in theory and has not yet progressed to examine this concept in a practical context. In particular Hitt et al. (2001) and Ireland et al. (2003), present only conceptual frameworks of strategic entrepreneurship. Ireland et al.'s (2001) earlier study included brief references to practical examples, but was superseded by later research of new theoretical models and conclusions. Accordingly, this study was designed to encompass both a theoretical and practical approach, reviewing the literature on strategic entrepreneurship to develop a preliminary framework, and subsequently examining that framework in the context of three organisations which have conducted activity recognised as both entrepreneurial and strategic. Thus the research question of "w*hat constitutes strategic entrepreneurship: how is it identified in theory and recognised in practice?*" is explored and examined from both a theoretical and practical perspective.

This chapter details the research approach adopted for this examination, outlining the relevant paradigms and specific methods of research employed for this study. An overview of the main data sources is then presented, together with details relating to the analysis of such data, including the theoretical and practical aspects of the analysis. Lastly, an overview of the research participants, three SOEs, is presented detailing both the rationale for selection and an historical overview of the public sector reforms in New Zealand. This overview provides the contextual background to this study, in which each the participant organisations operate.

4.2 Research approach

The construct of strategic entrepreneurship is essentially examined from an *interpretivist approach*: examining activity recognised as both strategic and entrepreneurial within three separate organisations to identify, interpret, and translate the elements (Putnam, 1983) which collectively constitute strategic entrepreneurship.   This examination also considers the

interrelationship of these elements and the required conditions in order to maintain strategic entrepreneurship, once created. Thus personal understanding and interpretation of such activity is inherent in this study.

While interpretivism is at the core of this study, the research also incorporates elements of *critical realism*: identifying contradictions and inconsistencies within generally accepted accounts and explanations, "created reality", of existing theory to raise an awareness of these inconsistencies (Bhaskar, 1989). By challenging established theory on the topic of strategic entrepreneurship and exposing anomalies between theory and practice, this research contributes to the development of knowledge and practical understanding (Walliman, 2001). This view is consistent with that of Alvesson and Deetz (2000) who contend that all research is, in a sense, critical.

Alvesson and Deetz suggest critical management research in an organisational context involves gaining insight through investigations of forms of phenomena, critiquing established theory, and developing transformative redefinitions. These definitions facilitate change by creating frameworks which provide a new way of operating; a new way of thinking. This study incorporates each of these elements.

As an interpretive study, bias is perhaps inherent. While this cannot be eliminated, the awareness of its existence is noted, and a conscious effort has been made to limit such bias as much as possible. Cohen et al.'s (2000) view that as a researcher, observer, and interpreter it is not possible to isolate or remove oneself from the context of the investigation is acknowledged. In an effort to address this, however, observations and interpretations detailed in the findings of this paper are balanced with information obtained from external sources, such as interviews, documents, and statistics; and have been cross checked by an independent research assistant.

While Weber's (1949) view that there is no objective analysis of culture is also acknowledged and accepted, the review of strategic entrepreneurship in the context of the organisational culture of three separate organisations aims to detail the events in as value-free manner as possible, examine propositions detailed in Chapter 3, and then identify additional elements from the issues which surface. Thus, while these paradigms are considered appropriate to the research conducted, the issues and limitations of these perspectives are noted. Within the interpretivist and critical realist approaches there remains a range of research methods available. Given the nature of the research question and the scope of research previously undertaken in this area

however, a number of research practices within the scope of a qualitative design were considered particularly relevant. The following section presents an overview of the qualitative design and research methods used, together with the rationale for selection.

4.2.1 A qualitative design

Essentially, the two domains of research exist: qualitative and quantitative (Nachmias & Nachmias, 1997). On the basis that only limited study has previously been undertaken on the topic of strategic entrepreneurship, and such research remains in the early stages of identifying, defining, and understanding this construct; qualitative research was considered the more appropriate choice for two reasons.

Firstly, a detailed analysis of specific activities and opportunities, and investigation of the underlying constructs provides the opportunity for an enhanced understanding of strategic entrepreneurship as a discrete concept. Once this construct and the proposed framework have been examined in detail, support for this framework can then be considered in a broader context, such that empirical studies may be conducted involving a larger sample of businesses, albeit in less detail. Such empirical analysis is not, however, within the scope of the current study.

Secondly, it appears existing studies have not progressed beyond the theoretical aspects of strategic entrepreneurship to conduct any detailed analysis of proposed theories in a practical business context. The progression to examination of theories and propositions in a practical business context was, however, considered both appropriate and timely in order to consider whether practical support exists for the proposed or alternative frameworks. Thus, a qualitative approach effectively addresses both of these issues.

Keeping an open mind, while fostering new lines of enquiry is referred to as a central tenet of qualitative research (Allan, 1991). Essentially, a qualitative approach provides the opportunity to address the *how* and *why* questions relating to the phenomena under investigation (Cohen et al., 2000). This is what Evered and Louis (1981, p. 385) refer to as "*inquiry from the inside*"; probing, examining, and conducting detailed investigation. Rich data, thick description, and an appropriate depth of analysis are enabled through this approach (Denzin, 1970), such that a fuller understanding of strategic entrepreneurship can be obtained. Hence, this approach allows

strategic entrepreneurship to be examined not simply as an object with specific properties in precise measurements, but as a complex subject and concept to be explained and understood (Allan, 1991).

The notion of qualitative research as impressionistic is often identified as a criticism of this approach. While the association between the two is relevant, however, it is not necessarily a limitation of qualitative research, provided that the research design and approach remains systematic (Allan, 1991). Thus, a concerted awareness and conscious effort have been incorporated in this research to ensure a systematic approach was taken in analysing data, such that the review of data collected was thorough, iterative, and exhaustive (to the extent possible). Consequently, categories, themes, and relationships identified in the course of this research represent outcomes of this systematic approach.

Thus, for the reasons outlined above, a qualitative approach was considered appropriate. Essentially this involved review and analysis of existing literature on the topics of entrepreneurship, strategy, and the development of strategic entrepreneurship as a discrete construct. Such review provided the opportunity to consider both the development of strategic entrepreneurship and established theory on this topic, as detailed in Chapter 2. The fundamental principles of entrepreneurship were then considered in the context of strategic entrepreneurship to derive various propositions which comprised a preliminary framework of strategic entrepreneurship, presented in Chapter 3.

This framework was subsequently considered in a practical business context by examining activity and opportunity recognised as both entrepreneurial and strategic within three separate organisations, to examine the practical application of the proposed framework. Case studies on the relevant activities within each organisation were then constructed. Secondary data such as reports and statistics were taken from publicly available sources (e.g. websites and texts) and used as a source of background information, supplemented with primary data obtained from interviews with individuals at the management level within each organisation, in order to gain further insight into the activities and opportunities recognised as both strategic and entrepreneurial, and the elements contributing to these activities and opportunities.

4.2.2 Deductive versus inductive research

The issue of deductive versus inductive research centres around the research process, and where that process begins (Blaikie, 1995). Inductive reasoning generally begins with singular or specific statements and concludes with a general or universal statement. Such conclusions are essentially a generalisation drawn from the specific premises. Conversely, deductive reasoning moves from premises which are broad or general in scope, to specific conclusions. Hence the conclusions are narrower in nature than the premises (Blaikie, 1995).

Given the notion that induction must be based on presuppositionless observation (Bacon, 1620), this research may be viewed as deductive in nature. Based on a review of the literature in the field of entrepreneurship and to a lesser extent strategy, views were formed regarding what constitutes strategic entrepreneurship, and those views used as a basis for comparison with and critical evaluation of the literature on strategic entrepreneurship. Thus, preliminary conclusions were formed based on a review of theory prior to any formal data collection.

A deductive approach is also evident from the presentation of propositions in Chapter 3, and the reasoning from which the later propositions were formed. By way of example, the first proposition identifies six fundamental elements of strategic entrepreneurship. The later propositions note that due to the interdependency and integrated nature of these elements, if all six are not present, strategic entrepreneurship cannot exist. A similar approach to reasoning is also noted in the second proposition, where two premises regarding entrepreneurship are applied and extended to strategic entrepreneurship. This approach is consistent with Low and MacMillan's (1988) call for more experimental and theory driven designs within entrepreneurship research, such that underlying elements and causality are pursued more aggressively, with hypotheses put forward and tested. Thus deductive reasoning was incorporated within this research through a combination of analysis and interpretation of both theory and practice, and subsequently drawing conclusions from such interpretation.

In the latter stage of the research however, an inductive approach may also be identified, to the extent that interviews conducted and other data collected were examined not only to consider the support for and application of the preliminary framework, but also to identify and uncover specific strategic elements within the activity examined. While both processes were undertaken as

objectively as possible, essentially one was aimed at examining practical findings for the purposes of comparison with established theory; while the other was focused on examination of those findings to uncover and reveal the underlying strategic elements for which no prior theoretical expectations had been established. Thus, while certain themes, predominantly entrepreneurial, were apparent from the literature review and the interview questions, themes regarding strategic aspects were uncovered inductively.   As such, an inductive aspect of the research also emerges. In both cases, however, the data collected were examined (to the extent possible) with a clear and open mind (O'Hear, 1989), using techniques detailed in Sections 4.5 and 4.6.

Medewar (1969) contends that inductive observation involves recording data without preconceptions corrupting ideas. The notion of corruption is a complex one, as it may be argued that observations can be made without corruption, even if such preconceptions exist. A more restrictive account of the inductive process however, requires that observations are made without selection, estimation of importance, or hypotheses (Blaikie, 1995). This suggests that inductive reasoning primarily relates to the latter half of this research in uncovering strategic aspects of strategic entrepreneurship activity.

Blaikie also notes that inductive strategy embodies the realist ontology which assumes reality does exist, and can be studied, described, and explained. Essentially such reality can also be observed, provided objective procedures are adopted. This is consistent with the critical research approach adopted in this study, as detailed earlier in this chapter. Thus, the study encompasses both deductive and inductive dimensions. This combined view of both deductive and inductive research has gained increasing recognition, as the interrelatedness and reciprocal nature of the two approaches is acknowledged (Hempel, 1966; Wallace, 1971). Essentially, a combination of the two approaches helps to balance and address the criticisms relating to each. Ultimately observation influences deductive logic; deductive logic is then formalised and considered through observation. Such was the perspective adopted in this research.

4.3 Case study analysis

"The focus on a bounded system, in which the relationship between the system and its context may be as important as the relationship and interactions within the system." (Rose, 1991, p. 191).

Rose's (1991) statement highlights the relevance of case study analysis to research on the question of '*what constitutes strategic entrepreneurship?*' As detailed in Chapter 3, a number of integrated elements are considered central to the creation of strategic entrepreneurship; a system bound by these elements. As such, examining activity recognised as strategic and entrepreneurial not only provided the opportunity to consider the relationship and interaction of those elements within the system, but also the relationship between the system of strategic entrepreneurship and its context: the organisation and external environment in which that activity occurs.

As noted by Yin (1993), case study analysis is the method of choice when the phenomenon under review is not readily distinguishable from its context. Birley and Moreland (1998) support this, noting case studies by nature, examine a single phenomenon in order to describe and understand the phenomena and its environmental context in depth, thereby obtaining a more complete or rounded understanding. Additional benefits which have been identified within case study research include the attention afforded to subtleties and complexities within each case, and the presentation of data in a manner which allows individual readers to make their own assessments on the findings and implications of the study (Adelman, Jenkins, & Kemmis, 1984); the opportunity to place events in a social, economic, and historical context (Rose, 1991), and to capture the unity or wholeness of the event being studied (Mitchell, 1983). Thus, for the purposes of this research, data and findings relating to each activity are presented separately in Chapters 5 to 7. These findings are presented and considered in the broader context of New Zealand's public sector reforms (see Section 4.8.1) and contemporary issues relating to management of SOEs (see Chapter 2).

Eisenhardt (1989) also notes case study analysis provides a firm grounding for emerging constructs and theory. In particular, flexibility through the selection of appropriate participants, and the opportunity to build on previous findings from individual cases as part of multiple case analyses, effectively strengthens theory development. In the context of entrepreneurship and strategy research, Miller and Friesen (1978) note that case studies provide a vivid and detailed

account of the phenomena being examined, often unveiling objective information. "It is difficult to hide the real situation from a case writer; a professional who studies a firm in detail, than a remote researcher who asks a busy executive to rate a number of quantified scales" (p. 923). Low and MacMillan (1988) also identify the need for longitudinal case analyses to accommodate both context and process focused studies. As such, the data within each case study encompassed three main phases. The initial phase involved sourcing background data regarding historical and contextual details leading up to the activity being examined. The second phase involved collection of primary and secondary data relating to the activity recognised as both entrepreneurial and strategic, and the final phase involved sourcing primary and secondary data approximately six months later, relating to changes and developments associated with the activity examined.

Consistent with Bush's (2002) notion that case study research usually involves more than one method of data collection each case study within this research encompasses three central methods: review and analysis of documents relating to the entrepreneurial and strategic activities and opportunities within each of the three organisations, interviews with individuals at the managerial level from each organisation, and observation. The use of multiple methods provided the opportunity for a more complete understanding of strategic entrepreneurship, by examining this phenomenon from more than one perspective, and supplemented analysis and findings from the literature review. Thus, triangulation was facilitated through a comparison of different forms of data to evaluate the consistency of findings (Denzin, 1970).

As noted by Cohen et al. (2000), triangulation is particularly appropriate to the study of complex phenomena. Essentially, triangulation enhances the findings of a study (Yin, 1993) through the analysis of a range of both primary and secondary data to examine and evaluate previous findings on the research topic, and build on these findings. While triangulation may be used in either positivist or interpretivist research, it is particularly valuable in case study research, providing the opportunity to cross-check or verify data and findings from different sources and methods of research (Cohen et al., 2000). This was particularly relevant to the first two case studies involving MetService and NZ Post, as a significant amount of documentation (both diverse, and at times conflicting), was available on the activities within these organisations, prior to conducting interviews. Clarification of such details was effectively obtained during the interview process, and through subsequent examination of relevant texts.

Figure 4.1 depicts the triangulation process within this study, detailing focused interviews at the apex as the principal form of rich data collection. Documentary analysis and observation are shown at the base angles, as supplementary sources of data.

Figure 4.1   Triangulation of data collection

Focused
interviews

Documentary   Observation
analysis
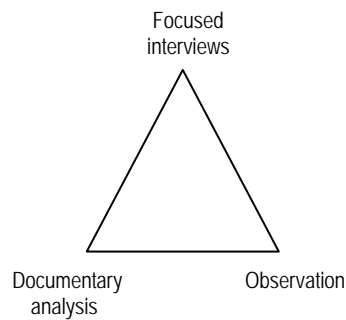
Arguably, the nature of each case study includes descriptive, exploratory, and explanatory elements (Yin, 1993). Within each organisation, events are described and analysed to identify characteristics and determinants of strategic entrepreneurship. Given that limited research has previously been done on this topic, the case studies may also be viewed as exploratory in the sense that propositions comprising the framework are explored in a practical business context; practical data is explored to identify strategic aspects of the activity. To the extent that support for the framework is obtained (with respect to the core or entrepreneurial elements), the case studies also assume an explanatory nature.

The design of the case studies is essentially holistic, as strategic entrepreneurship within each organisation becomes the focus of the research. The selection of three separate organisations provided the opportunity for each organisation to be studied in detail. Such detailed investigation was necessary in order to obtain a clear understanding of a construct on which little is known. Thus, limiting the number of organisations to three allowed an appropriate depth of analysis on activity within each organisation, while also providing the opportunity for cross-case comparison and replication or consistency of results.

As noted by Burgess (1984), selection strategies within case study research should be theoretically directed. Accordingly, consideration was given to examining two situations or

activities generally recognised as both strategic and entrepreneurial, together with one missed opportunity or situation generally not recognised as strategic and entrepreneurial. As such, the design of the study would lend itself to both literal and theoretical replication. Given the limited understanding of this topic, however, the selection strategy was amended to focus on three positive cases of strategic entrepreneurship, allowing literal replication (Yin, 1993) within the cases on issues directly related to the propositions, as well as issues not addressed within the proposed framework. Hence, the opportunity to obtain a more thorough or comprehensive understanding of what constitutes strategic entrepreneurship in a range of SOE organisational contexts was established.

With respect to the comparison of theory and practice, both the proposed model and rival theories were considered in the context of the case studies for the purposes of determining the level of support for both the preliminary framework and alternative theories. This is what Yin (1993) refers to as level two inference: obtaining support for a proposed framework, while at the same time confirming lack of support for rival theories. This provided the opportunity not only to examine support for the proposed framework, but also to re-examine concepts presented within alternative theories, for the purposes of clarifying and at times reclassifying these concepts.

Hence, based on the depth of analysis, accommodation of multiple research methods, and opportunity for triangulation, case study analysis was considered the most appropriate form of research to address the question of "*what constitutes strategic entrepreneurship: how is it identified in theory and recognised in practice?*". This design effectively allowed the notion of strategic entrepreneurship to be explored from various perspectives in order to obtain a more complete understanding of this construct, as well as examine the level of support for contemporary theories in a practical business context. Thus an understanding of strategic entrepreneurship was developed through the creation of a theoretical framework which was examined through analysis, replication, and refinement (Cohen et al., 2000). Such analysis is referred to by Rose (1991) as a process of self-discovery, self-criticism, and self-evaluation. In order to undertake this process, data from various sources was incorporated in each of the case studies. The nature of this data, and the related research procedures are discussed in the following section.

4.4 Data sources

Consistent with case study research, a number of data sources were incorporated in each case study in an effort to conduct a thorough examination of strategic entrepreneurship, and obtain a more complete understanding of this construct (Bryman, 1989; Hakim, 1987; Nisbet & Watt, 1984). The three data sources comprising each case study include analysis of documents, focused interviews, and observation. Each of these methods is considered separately in the following sections.

4.4.1 Analysis of documents

Cortazzi (2002) refers to analysis of documents as an examination of texts which exist independently of the researcher, allowing individual researchers to construct reality and contribute to subsequent views of it. This explanation is particularly relevant to the current study, given the interpretivist and critical realist approaches, and the nature of the research question. These issues are elaborated upon below.

Essentially the analysis of documents involves focusing on what is communicated, interpreting and evaluating that communication, as well as considering what is not communicated (Cortazzi, 2002). Based on this analysis, researchers develop and substantiate their view of a particular construct (e.g. strategic entrepreneurship), effectively creating or constructing their perspective of reality with respect to that construct. The conclusions or research findings effectively influence the views of others, subsequently contributing in either a positive or negative manner to future views of that construct. Such was the process adopted for the review of literature on entrepreneurship, strategy, and strategic entrepreneurship, detailed in Chapter 2. Specifically, the literature review involved an evaluation of prior research on these topics to derive a new framework of strategic entrepreneurship. Ultimately the proposed framework represents a personal view of what strategic entrepreneurship is, from the researcher's perspective. The conclusions drawn from the literature review are reflective of a personal reality created by the researcher, and will arguably influence the views of others who may either agree or disagree with the conclusions presented to form their own, similar or dissimilar, views of strategic entrepreneurship.

Within the context of the case studies, documentary analysis provided a useful starting point for examining strategic entrepreneurship in practice. Specifically, annual reports, financial statements, and general media publications were reviewed in the first instance to gain an understanding of each organisation's business operations, public perception, and activities recognised as entrepreneurial and strategic in nature. Based on this review, preliminary conclusions were drawn regarding activity suitable to be studied in further detail.

Given the diverse range of documents reviewed, consideration of both the information communicated within these documents, as well as the characteristics of the documents was essential (Birley & Moreland, 1998). In particular, origin and credibility, objectivity and representational nature of the documents were reviewed to consider both the message within the texts, but also the context of that message. This was particularly relevant to media releases and other publications by the relevant organisations, and media reports by newspapers, which often revealed underlying agendas. With respect to NZ Post in particular, the activity examined was, and still is, considered both political and controversial. Thus the purpose, content, and intention of documents relating to this activity were examined accordingly.

Language and social discourse were also evaluated within the context of the documents reviewed (Foucault, 1977). This involved identifying use of terminology, as well as recurring themes and patterns to add a further level of depth to the analysis. This was particularly relevant to the review of interview transcripts prepared immediately after the interviews, which revealed language as a reflection of both the individual and the respective organisation. By way of example, language used by the interviewees such as Robyn Hogg of NZ Post reflected both personal or individual qualities (a relaxed, informal nature, with a genuine concern for people), as well as providing an indication of the characteristics and values embedded within the respective organisations.

With respect to recurring themes and patterns, interview transcripts also provided the opportunity to identify themes presented by the interviewees, and more importantly, the concepts underlying those themes. This was particularly relevant as interviewees openly discussed factors they considered important, but also acknowledged that they did not have a full or complete understanding of how these notions were created to facilitate the success achieved.

Thus, documentary analysis was particularly useful in obtaining background data on research

previously undertaken on the topic of strategic entrepreneurship, and reviewing accounts of strategic entrepreneurship activity in business practice. Evaluation of these documents provided a foundation for the development of knowledge on strategic entrepreneurship. A limitation of this method, however, was that documents were unable to provide further detail beyond the data presented in the text. As noted by Gephart and Pitter (1995), documents are essentially a partial or incomplete representation of a construct or event. Accordingly, to address this limitation, data from documentary analysis was complemented by data from additional sources, such as interviews and personal observation. The design and conduct of the interviews which took place, is considered below.

4.4.2 Interviews

"Often those involved are not in a position to recognise easily the factors that influence their behaviour [or the behaviour of a particular phenomenon]. In such cases observation or detailed questioning over time is the appropriate way in which data can be collected." (Allan, 1991, p. 179).

Patton (1990) suggests the value of interviews lies in gaining an understanding of, and potentially entering into, the experience of others. Thus the opportunity to access the perspective of the interviewee through direct interaction and inquiry is a fundamental benefit of interviews. This is particularly relevant to the case studies within this research as interviewees recalled experiences of international expansion (MetService), retold the process undertaken to establish a bank (NZ Post), and explained the historical and strategic background to the business' current operations (Quotable Value).

Both Patton (1990) and Wragg (2002) contend interviews are particularly useful when employed as one of multiple research methods. While both documentary analysis and personal observation are useful, documents may not necessarily record adequate or appropriate detail; observation is limited by the opportunity to be in the appropriate place at the appropriate time, for events which have not yet taken place. For this reason, the interview process was considered fundamental to address the void (Patton, 1990) which documentary analysis and observation were unable to fill.

Essentially, qualitative interviewing assumes the perspectives of others are meaningful, and can be made explicit (Patton, 1990). In the context of this research, in person (face to face) interviews were arranged with individuals at the management level within each organisation to

obtain their individual perspective. Interviewees were selected on the basis of their knowledge of and involvement with the activity being examined within their organisation. As such, the data obtained from the interview process provided significant insight into strategic entrepreneurship in a practical business context, and a basis for the evaluation of theoretical frameworks of this construct.

In order to balance consistency and flexibility, the interviews were designed as focused or semi-structured (Patton, 1990) discussions. This design was considered important for two reasons. Firstly, it provided systematic direction on the specific topics to be addressed. Secondly, it provided an element of flexibility to both interviewees and the interviewer, such that questions could be tailored, background research could be incorporated and verified, and interviewees had the opportunity to raise additional points which they considered relevant (Wragg, 2002). A copy of the interview protocols is detailed in Appendix A.

Essentially the protocols served as a framework, such that (interviewer directed) variation within the interviews was minimised, but allowed the opportunity to probe and uncover additional details where relevant. To the extent that variation within the interviews arose at the direction of the interviewees, such variation was accommodated and later considered during the analysis phase, as a reflection of the individual interviewee. By way of example, interviews with the first two participants went beyond the allocated time, due to these participants volunteering a significant amount of detail, as well as additional time to provide such detail. During discussions with the third interview, however, the participant ensured the time limit was adhered to. Despite such variations, the researcher ensured all topics within the protocol were addressed.

The initial phase of the interview process involved identifying appropriate individuals within each organisation, with sufficient knowledge of the activity being reviewed at both an operational and strategic level. This was achieved by contacting the public relations department in the first instance, providing a brief overview of the proposed research, and requesting details of the most appropriate person within the organisation to contact as a potential participant. In the case of MetService and Quotable Value, the Chief Executive was identified. Within NZ Post, the Organisational Development Leader was nominated. Each of these participants had an extensive history with the organisation, and was very familiar with the activity being examined. Contact was subsequently made with these individuals, and preliminary discussions undertaken to introduce the researcher and the proposed research, as well as confirm the person identified within the

organisation was appropriate. Once written consent was obtained from each individual, interviews were arranged at the convenience of the participant. Initial interviews were designed to gain an understanding of the activity or opportunity recognised as both strategic and entrepreneurial within the respective organisation. Such activity was identified by the researcher prior to the interview through documentary analysis, and participants were given the opportunity to discuss that activity or suggest an alternative activity which they considered to be both entrepreneurial and strategic.

Essentially the interview process aimed to identify the dimensions, themes, and elements relevant to the activity being reviewed (Patton, 1990). To achieve this aim, a range of questions was included in each interview protocol; both direct and indirect, general and specific, factual and opinion orientated (Tuckman, 1972). With respect to the first interview, these questions were structured into five main categories: introduction and overview of the interview focus; background and general details of the activity recognised as both strategic and entrepreneurial; details of the activity specific to the proposed framework of strategic entrepreneurship; scope of strategic entrepreneurship in the context of that activity; and other matters considered relevant by the interviewee.

In the case of MetService and NZ Post, these questions loosely guided the interviews as the interviewees regularly volunteered information they considered relevant, and often pre-empted topics to be addressed. This was particularly useful for inductive analysis, and also served to guide the third interview with Quotable Value. With respect to the third interviewee, they relied primarily on the interview questions to guide the discussion, such that dialogue consisted mainly of direct responses to the questions posed. As such, topics not specifically included in the interview questions, but which had surfaced from the previous two interviews, were also raised by the researcher during the latter half of the discussion. This facilitated an element of consistency among the interviews, and provided a more complete understanding of the activity examined within Quotable Value.

In order to establish a longitudinal dimension within the study a second phase of interviews was conducted with participants approximately six months after the initial interviews, focusing primarily on changes and developments relating to the activity previously examined. Given that sound relationships with participants had been established during the initial interview, subsequent interviews were conducted by phone. Owing to the level of familiarity established between the

researcher and each participant from the initial interview, subsequent correspondence, and exchange on issues relating to the study both directly and indirectly (e.g. advising participants of subsequent publications by the researcher based on the study); phone interviews were considered viable, and effectively facilitated open and constructive discussion. Interview questions were sufficiently broad to accommodate the different situations relevant to each activity being examined, but also appropriately specific to establish consistency and cross-case comparison. These questions were classified into four categories, being general developments in the activity or project over the past six months, developments with respect to wealth creation directly related to the activity, changes in competitive advantage for the business as a result of the project, and discussion of any other matters considered relevant by the interviewee.

In order to create effective discussion particularly in the initial interview, brief prefatory statements or background details were presented at the beginning of each category, to provide interviewees with an understanding of why such questions were being raised, and make the purpose of each category sufficiently clear (Patton, 1990). These statements were followed by questions consciously structured as neutral and open-ended. By way of example, a brief overview of innovation within the academic literature (e.g. the notions of incremental, continuous, and radical innovation) was provided before enquiring about the innovative aspects of the relevant activity within each organisation. In addition, feedback (both verbal and non-verbal) was given during the course of the interview, to assure interviewees that their responses were both relevant and useful to the research, where appropriate. The use of these interview tools aimed to assist in establishing a relaxed and open environment, such that interviewees were comfortable to openly and fully respond to the questions raised (Tuckman, 1972). Essentially this was achieved, and is reflected in both the content and nature of the responses, evidenced by interviewees' informal language, open displays of emotion, disclosure of confidential details, at times blunt accounts of difficulties faced by the respective organisations, and honest responses regarding aspects within the respective organisations which interviewees acknowledged they didn't fully understand.

Given the rich and significant amount of data gathered during the initial interview process, interviews were recorded to ensure all relevant data were captured. The recording of each interview provided the opportunity for transcripts to be prepared (some more than 20 pages in length), reviewed, and confirmed by the individual interviewees. Once confirmed, the transcripts were then examined as part of the documentary analysis noted in the previous section, and discussed in Section 4.5 headed "Data Analysis". As noted by Patton (1990), full transcriptions

are particularly useful for both analysis and replication. Thus, on completion of each interview data was analysed and compared to identify any similarities, recurring themes, and patterns.

The notion of subjectivity and bias as inherent in interviews is often identified as a limitation of this research procedure. As noted by Cohen et al. (2000), however, acknowledgement of such bias facilitates both an awareness of its existence, and the opportunity to control it. As such, a conscious effort was made to eliminate such bias, by ensuring analysis of interview data was an iterative process, and using a number of data analysis techniques, as detailed in the Section 4.5.

On the basis that interviews were conducted with a variety of individuals in different organisational environments, observations made during the course of the interviews were recorded by way of note-taking during and directly after the interview process. Thus, observation of data constitutes the third source of data collection within the case studies. The use of observation and interpretation inherent to those observations is outlined below.

4.4.3 Observation

"At the heart of every case study lies a method of observation," (Cohen et al., 2000, p. 185).

Observation is referred to by Moyles (2002) as a powerful, flexible and real means of data collection; a method of contextualising data from other sources. In the context of interviews, details expressly discussed are available for interpretation and analysis; however it is the process of observing the environment and context in which the dialogue occurs, which allows researchers to consider the unspoken aspects of the interview, to gain a more complete picture, and thus more effectively evaluate the data collected. For this reason (and for the convenience of the individual participants) initial interviews were arranged at each participant's office. As such, two of the initial interviews were conducted in Wellington, and one in Auckland.

While Hycner (1985) suggests interview transcripts should record both verbal and non-verbal data, ultimately use of, or reliance on a tape-recorder during an interview will only capture verbal data. Thus, comprehensive records of verbal and non-verbal data are essentially two separate tasks. The second of these two tasks is central to observation.

Essentially the scope of observations made within this research was limited, and related primarily to the individual interviews and brief communication with interviewees in the lead up to those interviews. Despite the limited opportunity for data collection of this nature, however, certainly the observations made offer a further depth of understanding with respect to the organisational context of the activity examined. Further, they provided the opportunity for cross-verification of data obtained from other sources with the observations made to identify any inconsistencies. As such, observations regarding the reactions and responses of participants (interviewees) were evaluated to consider the reflection on the individual interviewee, the respective organisation, and the activity of interest within that organisation.

With respect to the first interviewee, for example, enthusiasm towards the study was clearly evident. The explanation for this enthusiasm was referred to as free consultancy; an opportunity to learn more and further improve the business. Observations made during contact with the second interviewee reinforced the genuine concern for people at both an individual and organisational level. In the case of the third interviewee, observations of willing but cautious participation were viewed as reflective of the individual and organisational management style. Thus, observations of the manner and approach in which each participant engaged in the study provided further insight into the nature of the individuals, their approach to business, and the character and values within the respective organisations.

During the interview, the researcher assumed the role of observer. As such, interviewees were fully informed regarding the interview process, however the method of observation during the interview was implied rather than expressed. Thus, the process of observation assisted in assessing the consistency of each individual's statements and behaviour (Waddington, 1994).

Whilst observation data are recognised as rich and valuable (Cohen et al., 2000), there are also recognised limitations. Pettigrew (1979) notes the act of observation affects the very behaviour being observed. Waddington (1994) raises the issue of bias in what researchers see, and how they interpret such observations. For these reasons, observation data was not considered in isolation, but rather in conjunction with data from interviews and documentary analysis.

Thus, individually, each of the three data sources provides different benefits and addresses specific purposes. Collectively, however, the three data sources complement each other such that the strengths and limitations of each research method are balanced to achieve significantly

greater benefit from data collection.

4.5 Data analysis

As noted by Allan (1991), data collected reflects individual knowledge and consciousness. Analysis of such data, however, allows relationships to be identified, conclusions drawn, and phenomenon to be understood. Such was the process undertaken in this study, to gain an understanding of strategic entrepreneurship.

In an effort to maintain a systematic approach, the analysis of data was essentially an iterative process involving repeated review of data and refinement of findings over several months. This analysis was assisted through the use of a number of research techniques and resources, such as tape recording of initial interviews, use of qualitative analysis software, and comparison of findings with those of a research assistant. Each of these techniques is discussed below.

As part of the interview process, permission was requested from participants to tape-record the discussion. Recorded data was then transcribed to facilitate systematic analysis and interpretation of all details obtained during each interview process.   Whilst this provided the opportunity for data to be reviewed and confirmed by individual interviewees, it also ensured completeness of data collection from the interview. In each case review of transcripts revealed additional data and depth which had not been noted (mentally) by the researcher from the original interview. Review of transcripts thus became an iterative process, allowing detailed and thorough data analysis from different perspectives, focusing on data in part or in full, while ultimately preserving the completeness and accuracy of the interview data.

As noted by (Burgess, 1984), the recording of interviews is not a substitute for note-taking during the discussion. Thus transcription analysis focused on verbal communication during the interview, whilst analysis of non-verbal interview data was based on notes taken during and directly after the interview. The initial two interview transcripts were prepared by the researcher immediately after the relevant interviews. This provided the opportunity to actively reflect on the interview process and content, as well as verify initial impressions taken from the interviews. A transcript of the third interview was prepared externally for the purposes of comparing format and content of

the professional transcript with the researcher's transcripts. In general, transcripts prepared by the researcher were more time-consuming, but compared well with the professional transcripts and resulted in a higher level of familiarity with the data. This subsequently impacted upon the extent to which software was relied upon as an analysis tool, and is discussed further below.

As part of the process of data analysis, qualitative analysis software Numerical Unstructured Data Indexing Searching and Theorising (NUD*IST 6 or N6) was used. While the purpose of the software is to assist in identifying themes and patterns within each interview, expand on the elements which effectively contribute to these themes, and identify similarities and divergences between each case; essentially these themes had already emerged from the review of interview tapes and transcripts. Thus, N6 was used primarily to verify and confirm these themes, and provided the opportunity for a more formal or systematic cross-case comparison. As such, generalisations could be drawn based on the findings from these comparisons. Essentially these generalisations indicate the extent to which the theoretical framework is reflected in the data on strategic entrepreneurship in practice, as well as highlighting additional themes (primarily on strategic aspects) which emerged from the cases.

Data from documentary sources, interviews, and observations, were entered into N6 for the purposes of organising and reviewing the data. This involved data reduction, coding (translation and categorisation), and expansion. While codes for the core elements within the proposed framework were determined in advance, much of the data analysis pertaining to the strategic aspects of the activity being examined was identified inductively, such that codes and underlying themes were identified from the data.

While software such as N6 is useful in managing, sorting, and generating graphical representations of the data, ultimately analysis and interpretation remains the responsibility of the researcher (Grbich, 1999). Thus, in an effort to enhance and verify the researcher's analysis, the services of an independent analyst were used to identify codes from the data, thereby facilitating inter-coder reliability (Miles & Huberman, 1994). Both the researcher and analyst reviewed the data such that coding and categorisation were done separately by both parties, and findings compared to confirm the analysis of the researcher. This process provided the opportunity for cross-checking the initial data analysis and findings with an individual recognised as proficient in the field of research, but without prior knowledge and potential bias of the research topic. Hence, the use of techniques and resources such as a tape-recorder, qualitative analysis software, and a

research assistant, aimed to promote a more complete, systematic, and objective approach to the data analysis process.

4.6 Reliability and validity

The quality of a study, both the research methods and findings, are influenced by the process and procedures employed (Bush, 2002). An examination of the research quality is commonly assessed by reference to the elements of reliability and validity reflected in these processes and procedures. While the concepts of reliability and validity were originally developed for use in positivist or quantitative research, it is generally accepted that these concepts apply both to positivist and interpretivist traditions (Bush, 2002). This section identifies aspects of the research which are relevant to each of these concepts.

Reliability is referred to as a level of assurance regarding the consistency of results when using a particular measure in research (Yin, 1993). Specifically, reliability demonstrates that procedures within a study (e.g. data collection) can be repeated under the same circumstances, to produce the same results. Given that research involves both processes and individual researchers, the concept of reliability is relevant to both.

In the context of processes, reliability is enhanced through the use of highly structured research instruments (Bush, 2002). Thus, the use of both a case study protocol and interview protocol assisted in establishing an element of consistency and reliability. To the extent that the interviews remained focussed or semi-structured, however, reliability may have been compromised due to variations within each interview. To address this, a conscious effort was made to ensure that the interviews remained conversational, but incorporated consistency in the format and content of questions detailed in the interview protocol.

In the context of the individual, reliability refers to the elimination of bias, such that specific findings and conclusions drawn from a study are not specific to the individual researcher. On the basis that this research was essentially conducted as an independent study, there was limited scope for evaluation of reliability in this respect, other than maintaining an awareness of this issue, making a deliberate effort to eliminate personal bias. As noted previously, however, as

part of the data analysis involving use of N6, the services of an independent analyst were utilised to cross-check the findings of the researcher, effectively establishing inter-coder reliability. This was coupled with due consideration given to the guidance and views of the research supervisor during the course of the study.

Validity is referred to in a number of contexts, to reflect the appropriateness of the research measures and findings. Internal validity is referred to as the extent to which an indicator appropriately measures the intended construct (Sapsford & Evans, 1984). Thus, if an indicator or measure is not reliable, it cannot be valid (Bell, Bush, Fox, Goodey, & Goulding, 1984). Within qualitative research, there is a tension between the notions of reliability and validity, such that enhancing one of these constructs requires a reduction in the other. In the context of interviews, for example, a more flexible approach will enhance validity, but simultaneously reduce reliability, or consistency of approach. For this reason, some researchers such as Cohen et al. (2000), and Denzin and Lincoln (1998) have reservations regarding the application of reliability and validity to qualitative research. In particular, Cohen et al. (2000) express concerns regarding an overemphasis on reliability, at the expense of validity. Denzin and Lincoln (1998) consider validity as inappropriate to qualitative research. Bassey (2002) supports this notion, and suggests an alternative concept of trustworthiness, for qualitative research.

With respect to interviews, the main issue relating to internal validity is bias (Bush, 2002) from both the researcher and interviewee. While such bias is difficult to eliminate, awareness of its existence was noted, and a conscious effort was made to limit personal researcher bias, and make appropriate allowances for any interviewee bias, when analysing the data. Similar principles were applied to data obtained from personal observation. To some extent elimination of bias was effectively aided by interviewees openly acknowledging issues within their own organisation which they did not fully understand, and myself as the researcher exploring data with an inductive approach, in areas where no preconceived ideas has been formed.

External validity is referred to as the degree to which findings can be generalised to other settings (Denzin & Lincoln, 1998). Thus, the scope for generalisation of findings is a reflection of the external validity. As detailed in Section 4.8, participants were deliberately selected for their commonalities and differences. As such, strategic entrepreneurship within a range of public sector organisations was examined as part of this research. It should be noted however, that the findings are not considered representative of government organisations alone, but potentially

apply to all business activity, conducted in a changing competitive landscape. Thus, as detailed in Chapter 1, the selection of government organisations was to a deliberate response to the notion that such organisations are commonly overlooked in studies on this topic (Bahaee & Prasad, 1992). The issue of participant selection is considered in further detail in Section 4.8. As noted previously, the selection of three organisations with a core commonality, and the opportunity for replication, aimed to enhance the findings and generalisability of those findings, thereby addressing external validity.

4.7 The issue of ethics

Ethics is referred to by Cohen et al. (2000) as the attendant moral issues implicit within research. Essentially, the study of phenomena and organisations or individuals associated with such phenomena, give rise to social obligations in respect of those either involved or affected by the research. As such, various steps were incorporated in the research to address these obligations and ensure the study promoted openness and voluntarism (Rees, 1991), professionalism and privacy, and the option of confidentiality (Burgess, 1984).

As an initial step, an ethics application was submitted to Auckland University of Technology Ethics Committee in order to obtain approval for the proposed study. A copy of the ethics approval is detailed in Appendix B. Once approved (AUTEC 04/162 dated 28 September 2004) potential participants were approached and informed of the study, and their participation was requested. Individuals were presented with a verbal overview of the project, as well as written information (see Appendix C), such that they could review the relevant details and seek clarification on any issues before making a decision. Information was provided openly, participation was emphasised as voluntary, and participants were offered the option of remaining anonymous at both the individual and organisational level.

Written consent to participate was obtained from each participant before arranging interviews, permission was obtained to record discussions, and transcripts were forwarded to participants shortly after the interview for their review and approval. A pro-forma of the consent form is detailed in Appendix D. Throughout the research process, a conscious effort was made to maintain open and professional communication. Participants were updated on various

developments where appropriate, advised once the study had been completed, and offered a copy of the final report. Essentially the findings and conclusions drawn from this study represent the collective output of the participants who agreed to share their knowledge and experience, and the analysis of that knowledge and experience by the researcher. Ultimately, these findings aim to assist in developing the understanding of strategic entrepreneurship from both a theoretical and practical viewpoint, and are not considered to have adverse implications on those involved directly or indirectly in the research.

4.8 Participant selection

As noted previously, the concepts of entrepreneurship and strategic entrepreneurship are not restricted to a particular domain, but rather apply to all levels and forms of business. Bahaee and Prasad (1992) contend the undue emphasis on business creation within entrepreneurship research, and firm level activity within strategic entrepreneurship research, has created a distorted, unbalanced view of these constructs. Drucker (1985, p. 17) is perhaps, one of the few to express an enlarged perspective of these constructs, noting that "entrepreneurship requires, above all, application of basic concepts, the basic techniques of management to new problems and opportunities". As such, Bahaee and Prasad (1992, p. 48) conclude that scant progress has been made towards a full understanding of such constructs due to, in their view, the "systematic exclusion" of entrepreneurial behaviours of individuals in public sector and non-profit organisations. Consequently, inferences drawn from studies with a narrow focus remain narrow inferences.

While Drucker's (1985) view is noted and indeed supported, the restriction of studying activities and opportunities within only three organisations in appropriate depth, limited the scope of the study to ensure participant organisations represented as broad a sample as possible. In addition, given the limited number of case studies conducted and the diverse population from which to choose, any replication or consistency of results was arguably strengthened by selecting case study participants with similar attributes (Yin, 1993). This extended to the selection of organisations from a specific business sector, for example, and exploring a range of different businesses within that sector. Essentially, this approach provided enhanced support for the generalisability of findings within that specific business sector, while still providing the opportunity

for generalisability in a broader (theoretical) context, to all businesses within the scope of the strategic entrepreneurship framework.

Thus, partly in response to Bahaee and Prasad's (1992) view that government organisations have traditionally been neglected in such studies, and in part due to the impartial view of the proposed framework which holds that strategic entrepreneurship is equally relevant to individuals and large organisations, new and existing businesses, commercial and non-profit organisations; this study focuses on the activities and opportunities within three New Zealand public sector organisations. As such, the intention was not to focus specifically on strategic entrepreneurship within the context of government organisations, but rather to demonstrate that such businesses are, essentially, relevant to the study of strategic entrepreneurship.

Specifically, the organisations selected for this study were chosen for their commonalities and differences. As New Zealand government organisations, the fundamental similarities include their categorisation as large public sector enterprises within New Zealand, each serving a national market, and receiving government-funded financial support. In contrast, however, the organisations are significantly different in size, serve distinctly different markets, and are not all consistently reliant upon government funding to finance their operations. Thus, both commonalities and differences exist. Essentially, however, the key commonality involves activity within each organisation which is recognised as both entrepreneurial and strategic.

Through the selection of these organisations, activity and strategy specifically employed in three New Zealand SOEs was examined. Arguably, however, similar functions and organisations (either public or private) exist in most counties throughout the world, and as such findings from the study of these organisations may be considered relevant not specifically to New Zealand government organisations, but rather in a more international or global context.

Similarly, while the activities and opportunities examined exist within the context of New Zealand's business environment, they are not considered specific to or representative of that environment. Rather, they are viewed as being representative of activities and opportunities in a changing competitive landscape. As such, findings from the study of these activities and opportunities may be in part reflective of their immediate environment, but are not considered relevant solely or specifically to SOEs or New Zealand. Rather they are viewed as generalisable to all changing competitive landscapes. These two levels of generalisations – specific to New

Zealand government organisations, and business activity in changing competitive landscapes, are referred to by Yin (1993) as directed and extended generalisations.

4.8.1 Contextual background: Government organisations in New Zealand

"One of the greatest upheavals of the 1980s was the corporatisation of state owned enterprises" (Easton, 1999, para. 1).

By way of background to this statement, and for the purposes of providing contextual data against which the relevant case studies should be considered, this section provides a brief overview of the background to and development of the existing government framework within New Zealand. Specifically, the government reforms of the 1980s within New Zealand are considered, together with an outline of the various organisations and functions of those organisations, within New Zealand government.

The terms "government", "state", and "public sector" are often used interchangeably when referring to governing institutions (Mulgan, 1997). Specifically, the term "state" relates to European history, during the transition from the medieval to modern world, when Europe was politically divided into a number of territorial units controlled by a sovereign power which held legal authority. Hence the notion of state became accepted as the basic unit of political organisation (Mulgan 1997). This term is now commonly used to distinguish the political organisations or public sector of a nation, from the private sector. The term "government" essentially has the same meaning as state, but originates from Anglo-American legal theory (Mulgan, 1997). Informally, it is often used to refer to the leadership of a nation at a particular point in time. Such is the case within New Zealand, where reference is often made for example, to the Bolger National Government or the Clark Labour Government.

Specifically New Zealand's public sector or government organisations include Parliament, the courts, police, and armed forces. Collectively, these organisations serve three main functions: legislative, executive, and judicial. These organisations, together with other government departments which are publicly funded and directly responsible to a minister (and therefore Cabinet and Parliament) are referred to as New Zealand's "core public service" (Mulgan, 1997). Beyond this, various other government departments and organisations exist which are funded by

the government, but not directly responsible to or controlled by the government. Within this category are crown entities, SOEs, and other government owned businesses (New Zealand Government, 2005). The term "crown entities" refers to quasi-autonomous organisations such as commissions, agencies, review committees and tribunals, which are established to exercise public power or advise ministers outside the ambit of the central government. SOEs were essentially large trading departments within government which have subsequently been corporatised and established as separate legal entities. Thus SOEs are a particular form of government organisation, often established with a strong commercial focus. Other government owned businesses are those outside the scope of crown entities and SOEs, but which have a significant crown shareholding (e.g. Christchurch International Airport).

During the 1980s the public sector of New Zealand witnessed significant change, with the intention of making government organisations more effective (Mulgan, 1997). Such reforms are consistent with an international trend in public sector management often referred to as "new public management" or "managerialism" to align management of public sector organisations with that of private sector organisations (Martin, 2003). Thus, this new approach focused on emphasising results and outcomes, together with effective use of public sector resources.

Three principal acts governing these reforms are the State-Owned Enterprises Act 1986 which transformed government trading departments into commercial entities, the State Sector Act 1988 which substantially altered employment in the public service, and the Public Finance Act 1989 which established responsibilities and reporting procedures within government organisations (Levine & Harris, 1999). Such reforms have continued, with recent amendments to these acts, as well as the introduction of the Crown Entities Act 2004.

Specifically, section four sub-section one of New Zealand's State-Owned Enterprises Act 1986 provides:

> The principal of every State enterprise shall be to operate as a successful business and, to this extent, to be
> a) As profitable and efficient as comparable businesses that are not owned by the Crown; and
> b) A good employer; and
> c) An organisation that exhibits a sense of social responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so.

Thus as part of these reforms, government departments with a strong trading function were corporatised or privatised, on the premise that such services could be more efficiently provided by commercially orientated organisations, rather than subject to ministerial control and government interference. Some departments such as the Government Printing Office and Post Office were disbanded, and specific trading activities within those departments were undertaken by newly incorporated SOEs. In the case of the Post Office, for example, three separate SOEs were established, being NZ Post, Post Bank, and Telecom New Zealand. A listing of New Zealand's SOEs as at 2005 is detailed in Appendix E.

Specifically, the rationale for such reform was the inefficiency of government as a provider of commercial services, due to protection from the discipline of a free market economy, often operating in a monopolistic environment, with the availability of on-going financial support from central government. Mulgan (1997) also raises the issue however, that as government departments the business operations of these trading departments were often required to include non-commercial and social objectives, which were inconsistent with otherwise commercial choices. Thus, corporatisation provided a viable solution for these departments to become both efficient and profitable, enabling freedom of commercial choice and responsibility for commercial results.

The State-Owned Enterprises Act 1986 does however, allow for the provision of both commercial and non-commercial services. Specifically, section seven of the Act enables the government to purchase services which would not otherwise be offered, on the basis that they are considered to be unprofitable. Thus, any non-commercial activities must be transparent, and funded on a fee for service basis by the government.

Approximately half of the government departments initially corporatised in New Zealand were subsequently privatised. Such organisations include Air New Zealand, Post Bank, and Telecom. In general, the reorganisation of the public service is largely viewed as successful, resulting in increased efficiency of services to the public. In particular Mulgan (1997) and Spicer, Powell, and Emmanuel (1997) view the reforms as largely successful. Others such as Easton (1999, para. 8) take a more critical view of the reforms: "There is a lot of evidence that the corporatisation of SOEs gave some benefits, especially in financial productivity, but there is very little that there was an overall benefit to the economy".

Scott (2001) contends the policy relating to SOEs has been very successful in terms of the objectives that were initially set, and that this policy continues to serve New Zealand well where the required conditions for its success apply. The policy has not done well however, in areas where it was subsequently applied without the necessary conditions (e.g. freedom from political interference). Ultimately, Mulgan (1997) contends it is too early to tell whether such restructuring has been successful. Key issues identified by Mulgan which are beyond the scope of immediate financial performance and customer satisfaction, include public accountability which formally no longer rests with the government with respect to privatised organisations, and resulting loss of protection for the people of New Zealand if privatised organisations fail to establish successful on-going operations with an adequate standard of service. Thus while there is little criticism of the reform process, future uncertainties remain.

Against this background, three such organisations are considered in detail as part of this study: MetService, NZ Post, and Quotable Value. Each of these organisations was corporatised as a SOE as part of the government reforms introduced in the 1980s. As at 2005, each of these organisations continues to operate on that basis, with a strong commercial focus. Accordingly, the case studies and related findings on these organisations have been considered and evaluated in the context of government organisations which operate with a deliberate commercial focus in the context of New Zealand's political system. The individual case studies addressing both the operations and strategies employed by these organisations in recent years are presented in the following three chapters.

4.9 Summary

While a diverse range of research methods is available, this chapter has considered the methods of research considered most appropriate to the practical examination of strategic entrepreneurship, together with the advantages and limitations of these methods. A summary of these advantages and disadvantages, together with the research protocol, are detailed in Appendices F and G respectively.

Essentially, case study analysis is considered the most appropriate method of research, given the limited understanding of strategic entrepreneurship, the depth of analysis afforded by examining

three separate organisations, and the opportunity for comparison and replication of findings. Further, the study of multiple cases provides the opportunity for replication logic, such that cases can be analysed individually, but assessed cumulatively and collectively to examine and extend themes and propositions in the context of subsequent case analyses.

The following chapter presents the data and preliminary findings obtained by employing the methods and techniques detailed above on the activities and opportunities of three separate organisations. Further analysis and comparison of the data and findings will provide the opportunity to examine the notion of strategic entrepreneurship in a practical business context, consider whether support for the proposed or rival frameworks exists, and provide the opportunity to refine and extend the proposed framework.

Chapter 5

5. Findings: MetService case study

5.1 Introduction

As noted in the preceding chapter, increasing attention is being given to research on government policy to foster entrepreneurship at a national level.   Arguably however, an equally important focus should be government incorporating activity which is both entrepreneurial and strategic within their own business operations, such that they can both foster entrepreneurship through policies and lead by example in practice.   Surprisingly, however, only limited research has focused on this latter aspect.

Thus to address the lack of research in this area, and the question of *"what constitutes strategic entrepreneurship: how is it identified in theory and recognised in practice within New Zealand's SOEs?"* activities and strategies within three such organisations were examined. This chapter, together with Chapters 6 and 7, presents case studies and related findings on activity within MetService, NZ Post, and Quotable Value respectively; each of which has been recognised as both entrepreneurial and strategic.   As detailed in Chapter 4, these case studies incorporate publicly available information and statistics from government and non-government websites, interview data from individuals within each organisation, and observations made during the research and interview process.   Such findings provide a basis from which further analysis, comparison, and conclusions can be drawn, to move closer to understanding the core elements of strategic entrepreneurship, a concept at the intersection of entrepreneurship and strategy.

Thus the remainder of this chapter focuses on MetService, presenting a brief introduction on the organisation and overview of its operations, followed by an examination of one activity in particular: Weatherscape XT, which is considered as being at the cross-roads of entrepreneurship and strategy. Such activity is examined and findings are presented broadly in the context of the proposed framework of strategic entrepreneurship: elements, scope, operation, and function.   It is then re-examined through an inductive process, and additional findings are presented through the identification of themes which are beyond the scope of the proposed framework. Lastly, developments in Weatherscape XT over a six month period are considered, to provide a longitudinal perspective of the findings.

5.2 MetService

Since incorporation in 1992, MetService has gained increasing recognition as an innovative and entrepreneurial organisation, transitioning "from science to business; from taxpayer funded government department to self-funding state owned enterprise" (Donoghue, 2003, para. 3). In 2003, the New Zealand Parliament's Commerce Select Committee called its representatives for discussion for the first time in 12 years, in response to MetService's annual report and the "extraordinary story" of the organisation's international success in highly competitive markets (Donoghue, 2003, para. 1). The following section provides an overview of the organisation before examining a specific activity undertaken by MetService, recognised as both strategic and entrepreneurial; and analysing elements central to that activity.

5.3 Overview of MetService

New Zealand's weather forecasting services commenced in 1861 as part of the then Government's Marine Department, due to numerous shipwrecks along New Zealand's coastlines. It was later transferred to the Department of Scientific and Industrial Research (1926), Royal New Zealand Air Force at the outbreak of World War II (1939), Department of Civil Aviation (1964), and later to the "super ministry" Ministry of Transport (1968) which assumed responsibility for various government departments including the Department of Civil Aviation (MetService, 2004a).

During the 1980s New Zealand government policy brought increasing pressure on government funding, the introduction of a "user-pays" system for specialised government services, and an emphasis on autonomy and accountability for government departments. Thus, in response to the changing political and economic climate, and more specifically to deregulation in the meteorological services industry and public funding reforms, MetService was established as a SOE. MetService was incorporated in July 1992 as a profit orientated organisation; its shares held equally by the Minister for State-Owned Enterprises and the Minister of Finance on behalf of the Crown (MetService, 2004a).

MetService's main business activity involves the provision meteorological services: forecasting and communicating weather related information. Specifically, the organisation focuses on three

main customer groups: The Minister of Transport (for the people of NZ), civil and military aviation, and media and industry (MetService, 2004a).

John Lumsden, Chief Executive of MetService since its incorporation as a SOE reflects on the progress which has been made. Following incorporation, MetService's senior management worked together to consider how someone in the future would describe the organisation; "what we would like an intelligent observer to say about us" (Lumsden, personal communication, 1 December 2004). "We had a rough idea of what we intended to do" (Lumsden, 2004), and an awareness of core strategic issues such as a commercial imperative, a secure future for the organisation, and the development of qualified staff. The outcome of the meeting was formalisation of MetService's vision, namely to be:

- a recognised leader in weather and information presentation services,
- profitable and well managed, with enthusiastic and highly skilled staff dedicated to the success of the company, and
- growing worldwide through customer appreciation of our valuable and innovative services (MetService, 2004a).

Actions taken and recognition gained in addressing this vision include obtaining ISO 9001 certification in November 1995, and being the first national meteorological service to do so; winning numerous contracts for weather information and presentation services in competitive international markets; and achieving profit after tax of $2.68 million for the year ended 30 June 2003, $1.61 million of which was paid to the government in dividends. Profit after tax was $2.90 million for the year ended 30 June 2004, $1.74 million of which was paid to the government in dividends (MetService, 2004b). Other accolades include winning the Business to Consumer category of the TUANZ (e)-vision awards in 2003 and 2004 (MetService, 2004c).

While positive recognition exists, MetService is not without criticism (Gorman, 2004). More than half the organisation's revenue for 2004 came from government contracts. One such contract valued at approximately $16 million per annum is reportedly open ended, with no fixed term, and was not subject to any competitive tender process. In its defence MetService claims that it has halved the net cost of public weather functions provided to the New Zealand government, user complaints have decreased tenfold, and there has been an overall improvement in the quality of weather forecasts (Henson, 2002). An independent review of the contract by the accounting firm Deloitte confirmed that the pricing methodology used was commercially appropriate, in view of the infrastructure required to support the services and the scope of those services (Gorman,

2004).

Within MetService, there is a feeling of both development and growth as the organisation establishes itself within a competitive international market. Management recognises that they have now achieved the vision set for themselves in 1992, and is in the process of updating that vision for the organisation's future direction (Lumsden, 2004). Outside the organisation, MetService is also gaining increasing recognition as a successful, innovative, and entrepreneurial organisation (Pullar-Strecker, 2001; Talbot, 2004; Van den Bergh, 2004a). Examples of recent innovative and entrepreneurial products and services include turbulence forecasting over the Himalayan Mountains for Qantas Airways Limited (Qantas), low cost weather systems for isolated areas using mobile phone technology, heat stress and pasture growth indices for New Zealand's agricultural industry, and energy forecasts for various power stations based in the United Kingdom. One project in particular, Weatherscape XT: a three-dimensional weather graphics package sold to the British Broadcasting Corporation (BBC) in 2004, may be recognised as one at the intersection of entrepreneurship and strategy.

Essentially, Weatherscape XT's entrepreneurial nature is evidenced by the innovation and creativity applied to produce technologically advanced software, which is changing the way weather forecasts are presented. The combination of opportunity identification and flexibility within MetService to apply its weather forecasting capabilities in the context of television media, and show the vision to anticipate customer expectations; further evidences the entrepreneurial nature of Weatherscape XT. The strategic aspect is perhaps highlighted by the clear direction and purpose of MetService: focusing on customer solutions to enhance the success of both customers' businesses and MetService's own business operations. This strategy effectively aims to establish competitive advantage for MetService, and secure a profitable future for the organisation. Other entrepreneurial projects may have been available to MetService, but not necessarily strategic in nature, or so closely aligned with the organisation's vision or strategic resources to allow creation of competitive advantage. Similarly, while other strategies may have been available to MetService, such strategies may not necessarily have incorporated an entrepreneurial focus, combining elements such as innovation, growth, and vision; which are characteristic of Weatherscape XT. Thus, the activity is recognised as both entrepreneurial and strategic. This activity and the issues which surround its development and release by MetService are the focus of further examination in the following section.

5.4 Overview of strategic entrepreneurship in practice: Weatherscape XT

Weatherscape XT has been described as "an innovative television weather graphics package", "possibly one of the largest weather graphics software contracts in the world" (Scoop, 2004, para. 3). The software was developed by a team with experience in both graphics and meteorology, and offers cutting edge visual presentation of weather forecasts for the following day or week.

The background to the development and subsequent license of the software package to the BBC is described by Lumsden (2004) as follows:

> TV1[1] (TVNZ), approximately eight or nine years ago, wanted to upgrade the weather presentation. They came along and said could you provide a meteorologist that could help us with the graphics design. At that point we had done an exercise within the company to see how we could shore up our competitive position...a "war games" exercise, where we had groups of employees simulate a competitive entity and figure out what they would do to get some MetService business.

From that exercise, MetService identified that communication and presentation of weather information was equally important as taking observations and making forecasts with accuracy. Thus, a focus on products which were both useful and user-friendly, as well as tailored to customer needs, emerged. Hence, an emphasis on activities which were strategic (aligned with the organisation's strategies and competencies) and entrepreneurial (creative and opportunistic) surfaced. Initially, MetService focused on supplying weather graphics presentations to newspapers, rather than newspaper staff obtaining weather data from various sources and compiling the presentations themselves.

> We thought that we could protect our competitive position and make some money by having nice displays of the weather which were meteorologically correct, but also informative.

> When TZNZ came along, we thought this might be the next phase, so we thought we'll do this in partnership. So we jointly developed some software. You guys know about television stations; we know about the weather; we'll put our skills together (Lumsden, 2004).

Lumsden describes the initial software as a reasonably basic programme. TVNZ subsequently decided their core business was not software development, and MetService then took over Weatherscape investing in a second development of it such that television stations which had

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[1] Television New Zealand Limited.

their own meteorologists could actually manipulate the graphics themselves. "And so we made our user friendly version, which is Weatherscape XT" (Lumsden). It is the updated version which was recently tailored and finalised for use by the BBC.

The three dimensional animated graphics presents a "bird's eye view" of the weather, over a particular region. Aesthetic three-dimensional terrain images combine with cloud precipitation graphics to show forecast weather changes. "Viewers literally experience tomorrow's weather today" (Scoop, 2004, para. 13). This, combined with the software's ability to show different weather data in a variety of different ways, makes Weatherscape XT a highly flexible graphics tool for weather news (Scoop, 2004).

The system automatically downloads weather data and converts it into scenes which appear "life-like" when viewed on television. Essentially it is a simulated picture of the forecasted weather. The weather presenter can preview the show, edit the data, and then produce a script based on the presentation. The software programme operates on industry standard personal computer-based hardware, such that the requirement for more expensive equipment and graphics workstations is eliminated. It also allows broadcasters to customise the software, by presenting images of the relevant regional landscape, as well as the ability to develop their own look or style within the presentation.

While MetService is a government organisation (and more specifically a SOE), Lumsden notes the BBC contract was secured without government assistance, and was won solely on the basis of MetService's own expertise in broadcast meteorology and presentation.

> We gained the contract, I believe, because the system was developed with the users – the broadcast meteorologists - in mind. We know how a forecaster's mind works; we know the sort of things they're going to want to fiddle with and the sort of things they'll leave alone. Other packages are either insufficiently flexible or try to provide for every possible variation and become too complex (Lumsden).

"That the world's leading weather broadcaster has chosen MetService staff and products to update its weather presentation is a real endorsement of our people and their skills" (Lumsden in Scoop, 2004, para. 4). Further endorsement is evidenced by the growing customer base for Weatherscape, including the Channel Nine Network in Australia, CNBC television stations in Europe, Dubai, Turkey, and Asia; as well as television stations in Beirut and Saudi Arabia. The BBC plans to use Weatherscape XT for all its national and regional channels, as well as BBC

World (Scoop, 2004).

Thus the above overview provides a basic understanding of the background to and details of Weatherscape XT, a project which can be recognised as both entrepreneurial and strategic. What has not yet been examined, however, are the specific elements central to this activity which characterise it as both entrepreneurial and strategic. Such elements are considered in the following section by identifying issues associated with Weatherscape XT, primarily in the context of the proposed framework, as well as considering elements which emerge from the data, but are beyond the scope of the proposed framework. Lastly, developments in Weatherscape XT are examined over a six month period to June 2005, based on findings from the second phase of data collection. Further consideration of these findings in the context of established frameworks of strategic entrepreneurship presented in the literature review (in Chapter 2) is detailed separately in the discussion chapter (Chapter 8).

5.5 Examining Weatherscape XT in the context of the proposed framework

Returning to the proposed framework of strategic entrepreneurship presented in Chapter 3, four propositions were put forward regarding the core elements, scope, operation, and function of strategic entrepreneurship. These propositions are now reconsidered in a practical context by examining the data pertaining to Weatherscape XT broadly in the context of the proposed framework. Throughout this section various themes are identified and highlighted. Such themes will then be used as a basis for discussion in Chapter 8.

5.5.1 Core elements of Weatherscape XT

Based on the data relating to Weatherscape XT examined in the initial phase of data collection, various elements and themes emerge as central to this activity. Each of these themes is considered separately below. To the extent possible, direct quotes and other data are presented in their original form. Ultimately this provides readers with the opportunity to review unaltered data, and thus, a basis against which researcher interpretation and discussion can later be evaluated.

a) Opportunity Identification

The notion of opportunity identification is an interesting and recurring theme within both Weatherscape XT and MetService in general. An awareness of the importance to identify opportunities is evidenced by MetService's *"war games"* exercise when the organisation became profit oriented in 1992. Concepts such as "having products that could be helpful to end users" (Lumsden, 2004), and drawing on this concept by researching and adopting weather terminology which was familiar to the general public, were two such opportunities identified.

> There's been a big attempt to make the output of weather forecasting more understandable. As a result the impression of accuracy has improved, because people understand it. Basic forecasts have improved in accuracy, but not as much as the impression of the improvement. We put that down to the fact that we've changed the way we communicate.
>
> We've done a lot of work, in trying to find out how we describe weather. It used to be that wind speed was described as "fresh" for 15-19 knots, but most people don't know that; but they do understand kilometres per hour. So we transferred to [using] kilometres per hour for wind speeds over land. Rather than try to teach everyone meteorology, we'll use the words that they use (Lumsden, 2004).

As an extension of this, MetService also identified the opportunity to improve the dissemination and communication of weather information. Services such as MetPhone, MetFax, and MetNet are all indicative of the progressive steps taken by MetService to enhance communication and establish the organisation as a leading, *customer-focused*, weather services provider. (Appendix H provides a definition and brief description of the terms relevant to MetService's activities and operations.)

One other feature which is important to MetService as an organisation and Weatherscape XT in particular, is their focus on *operational excellence*. This focus has brought significant benefit in terms of opportunity recognition.

> There's a strongly held view that if you're in an organisation you can have three choices, but you can only have one first choice. You've got operational excellence, technical brilliance, and good relationships. We think we've got all three, but when all else fails, its operational excellence [that's central to MetService]. One of the things which we have as a core competency is reliability and operational excellence. From a corporate point of view, we decided operational excellence was "it". If we couldn't deliver, we wouldn't have any business (Lumsden).

The significance of this focus to Weatherscape XT (and numerous other projects undertaken by MetService), is such that the specific opportunity to develop the software package came from

people and organisations outside MetService, who recognised and requested the technical skills and operational excellence within MetService. As noted by Lumsden, MetService was approached by TVNZ for the purposes of developing weather graphics software. This becomes a recurring theme within MetService, which was approached by Qantas for the Himalayan Mountains forecasting service, and the New Zealand Roadmarkers Federation for the Damar road-marking project.

Thus, while opportunity identification seems fundamental to entrepreneurial and strategic activity, it is possible that such opportunity can be identified either within or outside the organisation. By gaining recognition for their operational excellence, MetService was in a position for other organisations to approach them with potential opportunities identified. Hence, initial opportunity identification was *external* or demand driven, rather than *internal* or supply driven. This demand, was in response to MetService's reputation for advanced technical skills; operational excellence.

Equally significant is the *combination* of internal and external opportunity identification as the project progressed. While the initial opportunity for Weatherscape (and numerous other projects undertaken by MetService) was identified by someone outside the organisation, commencement of the project was dependent upon MetService reviewing the project details and satisfying itself that the activity did actually represent a viable opportunity for both parties. As an extension of this, MetService has shown the capability to examine requests or proposals, and identify further opportunities for improvement or enhancement, based on the strength of their technical skills. In the case of Weatherscape, TVNZ were involved in only the first stage of the project. MetService later took over the software and commenced further modifications to create Weatherscape XT; a more user-friendly and flexible product. This later development stage was effectively something MetService viewed as a further opportunity.

One further advantage within the scope of MetService's core capabilities is the organisation's focus on cost efficiency. "We are able to take emerging technology and solve a wide range of problems, not the least of which is cost" (Lumsden). Such cost efficiency is noted both internally and externally (Van den Bergh, 2004b). Hence MetService was able to approach and pursue opportunities within a cost aware and efficient environment. This is perhaps, a reflection of the organisation's core capabilities representing a separate opportunity or contributing to a *cumulative opportunity* for MetService: an internal environment which provided the organisation with a strong position from which to address opportunities in the external environment.

Thus, based on the data two further issues emerge within the opportunity identification construct: firstly, an awareness of *core capabilities*, and developing operational excellence within those capabilities; and secondly, the *transfer and application of knowledge*. As illustrated by Lumsden, MetService seemed very aware of its strengths, or core capabilities. "Because we've got industry knowledge we can work out [solutions] and create products which are useful. We've got a capability for forecasting for any particular spot on earth" (Lumsden). Equally, significant is the organisation's awareness of activity which is outside its core capabilities, such that technical expertise (such as that from TVNZ) can be brought in, or the activity can be avoided.

> There's all sorts of other things we could do (e.g. ship routing forecasts), but there's a few other companies doing that service very well, so we're not going there. We don't want to try to catch up to people who are doing well; that's quite hard strategically (Lumsden).

The second issue, transfer and application of knowledge, indicates that MetService not only identifies where their strengths lie, but also the opportunities where they may appropriately fit. Hence weather graphics in newspapers was viewed as a stepping stone to weather graphics presentations for television. Essentially the tasks are quite different, but the focus for MetService seems to be looking at its core skills, and applying those skills in other areas. This is indicated by Lumsden, who notes "I think most of the things we do are some form of *adaptation*. We've got a standard range of services which we provide…and when there's an opportunity identified, we [look] for a solution". This notion of transfer and application of knowledge is relevant to both opportunity identification and innovation, and is considered in further detail in the following section.

b) Innovation

Innovation is also a strong theme central to both Weatherscape XT and MetService in general. Within MetService, Lumsden sees innovation as closely related to communication and direction.

> If we have a general idea we want to get into (a particular market), we get people thinking. And by letting people know that's what we're considering, they have hypnopompic thoughts. That's the stage when you're coming out of dreams and you're not fully awake. That's when things happen in your mind, and you [have new thoughts, ideas, solutions]. Then people bring those ideas to work, and we encourage that. So once you've got people's minds working on an issue, things happen. People come along with ideas and they can play with them, experiment; see whether you've got the makings of a project (Lumsden, 2004).

Certainly the organisation as a whole has been recognised for their innovative activities, and makes a conscious effort to ensure creative ideas and solutions are part of organisation's core

business activity.

> We are constantly looking to improve our existing services and create new ones to meet the needs of our customers. We make it our business to understand what we can do to generate value for our customers. It's about thinking beyond the weather. Ideas are key to our business. Innovation is about making a difference to every single person and organisation we work with - this is what drives us..." (MetService, 2003, p. 7).

With respect to Weatherscape XT, the software has been described as "an innovative television weather graphics package"; "animation ingenuity" (Scoop, 2004, para. 1). The ability for this software to run on powerful personal computers is also a reflection of MetService's skills in fostering technical advancement whilst balancing *cost-effectiveness*. Such elements seem central to MetService's operations. Two aspects of this innovative software which also seem central to MetService's operations and are of particular interest, include the transfer and application of knowledge, and strong customer focus. Each of these is considered below in the context of innovation.

While MetService's Annual Report for 2003 suggests innovation extends from keeping up to date with changes in technology, Lumsden's comments also indicate another important source of innovation. As detailed above, one of MetService's strengths is the ability to transfer and apply knowledge in other areas. This applies to Weatherscape XT, as well as numerous other projects which use weather related data to forecast energy production, pasture growth, cow heat stress, and viable flight paths. Such adaptation is referred to by Lumsden as "working backwards"; looking at what the customer wants and using weather data as a basis to produce the required information. In reference to power stations in the United Kingdom which use MetService for predictions of power generation, Lumsden notes "they want to know megawatts of power; they don't care about the temperature really. So it's a case of working with the customer to take the relevant thinking from degrees celsius to megawatts of power".

The transfer and application of knowledge within a cost-effective environment is also evidenced by MStar: small weather stations used for isolated areas which combine the use of solar power and mobile phone technology. "Solar stuff's not new, but the combination of that with cell phone technology has made a huge difference" (Lumsden). Thus the notion of innovation stems from establishing knowledge and expertise in one area, and transferring or applying that knowledge to other areas. This concept has been labelled by other researchers as knowledge brokering (Bissell, 1997; Hargadon, 1998), applying existing ideas to new or different domains; and is

recognised as both a source of opportunity and an aspect of innovation within Weatherscape XT. The second aspect of innovation identified within the data relating to both Weatherscape XT and MetService in general, is a strong customer focus. Again, this seems to be a recurring theme within the organisation, and one which has brought significant benefits for MetService. Such innovation, it seems, is tailored or targeted to a specific customer or customer group, such that consumer demand is either satisfied or created. Customer knowledge and focus is emphasised repeatedly by Lumsden. Referring to Weatherscape XT, Lumsden notes "we know how a forecaster's mind works; we know the sort of things they're going to want to fiddle with and the sort of things they'll leave alone" (Lumsden). Thus, innovation is tailored and applied to create useful, marketable products and solutions. This notion of customer focus is also relevant to the proposed element of flexibility, and is considered in that context under the section headed "Flexibility", below.

c) Acceptance of Risk

The construct of *risk acceptance* is one of many elements which Lumsden pre-emptively raises and addresses during the course of the interview. Data pertaining to risk acceptance indicates that it is relevant to both Weatherscape XT and MetService in general. While Lumsden acknowledges the existence of risk within various projects such as Weatherscape XT, he also points out the importance of measures in place to manage that risk. "By the time we're spending serious money on something within this organisation we're already pretty well convinced we can make it work" (Lumsden, 2004). Thus, operational risk is minimised through standard procedures such as internal capital investment requisitions, which are compared to the organisation's vision as part of the review process, and include a final question of "would you spend you own money on it?" It is perhaps, a rather personal focus within an organisation which both Lumsden and competitors consider to have an extended family atmosphere; "a collection of extended families which make up a tribe" (Lumsden).

Project-based risk is also identified in relation to the development of Weatherscape XT, due to the size and scale of the project.

> Clearly getting into big projects, such as the one we've got with the BBC involves a risk. Not a risk that you won't be able to deliver, but a risk that you might have priced it wrongly, and in order to deliver, you might have to do twice as much work, or it might take longer, for example (Lumsden).

Reliance on core competencies is however, one method used by MetService to *manage and minimise this risk*. "We realised we didn't have to be too frightened of things not working out

right, because we had the skills in getting things to work once we analysed them" (Lumsden). Interestingly, one of the issues relating to risk which MetService has had to address, is that of being too risk adverse. Lumsden refers to several opportunities where MetService waited too long, and found that when they did enter such markets (e.g. weather graphics for Australian newspapers), the business could not be sustained, as they were easily copied by competitors. Such caution in the early stages of MetService's operations as a profit orientated organisation is attributed to being new to the market, and not wanting to offend competitors in other political arenas. Lumsden suggests the organisation has addressed this by "learning to have *confidence* in ourselves". This notion of confidence is also reflected in a later section, 5.6.2, which examines elements beyond the scope of the proposed model.

d) Flexibility

The element of flexibility within Weatherscape XT emerges as a core construct, closely related to innovation and opportunity recognition. As detailed previously under the heading of innovation, applying existing knowledge in new markets, creating new products, and tailoring those products to perceived or actual customer requirements, is a key feature of Weatherscape XT and MetService in general. Lumsden's (2004) reference to knowing how a forecaster's mind works, and understanding the range of features customers will want to manipulate, and want to leave alone, brings significant advantage to MetService. Lumsden compares this to competitor's software programs which he describes as either "insufficiently flexible or overly complex", trying to provide for every possible variation. Hence it is the balance of flexibility and pragmatism, creativity and a customer focused solution, which emerges as central to Weatherscape XT.

Such flexibility is also embedded in MetService's working environment, which encourages the development of ideas and products such as Weatherscape XT. A combination of work on scheduled customer focused tasks, as well as the opportunity to pursue other ideas and innovations is emphasised by Lumsden and various other staff in their reports on innovative projects in which they have been involved.

One final element which indicates the importance of flexibility is the "can-do" attitude adopted by MetService for Weatherscape XT and various other projects. Closely aligned with the notions of opportunity identification and acceptance of risk, MetService's awareness of and confidence in their core competencies results in the organisation entering into projects where they have had no direct previous experience, but rather rely on the strength of their core competencies and

business judgement to make the project successful. Television production (Weatherscape XT), turbulence forecasts (for Qantas) and energy production forecasts (for power stations in the United Kingdom) are all outside the core business activity of weather forecasting; however the strength of MetService in their core business activity has provided the organisation with the confidence and flexibility to extend the scope of their services and products.

Such flexibility is considered central to Weatherscape XT, and may also be viewed as relevant to the construct of vision: having the flexibility to view what is, and what might be; visualising both the actual and the possible. The notion of vision is considered as a separate element in the following section below.

e) Vision

The construct of vision is emphasised as a fundamental element within MetService, and something Lumsden continually refers to during the course of the interview. The organisation's vision statement is detailed on the back of all staff coffee mugs, incorporated in the firm's capital investment requisition form, and embodied in the culture and day to day operations of the organisation: "having a work environment where it was OK [for staff to pursue new ideas]" (Lumsden, 2004).

Lumsden sees the importance of having talented people with "time to spare, so that they can indulge in solving problems". Hence the importance of this vision and the related element of flexibility are emphasised. While MetService seems to have a clear vision of aspects it intends to focus on, equally significant is MetService's vision of what it intends to avoid. A message on the top of Lumsden's office whiteboard reads "Beware of solutions for which we have no problem".

> There has been a very intentional attempt to align our policies and procedures with the organisation's vision, and that has almost magically, allowed the people [within the organisation] to do the things which others come along and say 'that's pretty good; how did you do this innovative stuff?' (Lumsden).

Lumsden attributes the simplicity of tools such as the vision mug to the success of MetService ensuring staff are reminded of and remain focused on the organisation's vision.   Hence it is not simply a vision held or directed by Lumsden, but a *shared vision* which encompasses staff throughout the organisation. The number and scope of innovative and entrepreneurial projects undertaken by MetService, involving development of ideas by staff throughout the organisation, is a reflection of the extent to which this vision is shared, adopted, and enacted throughout the

organisation. Hence the organisation's official vision is closely aligned with the shared vision. An updated vision statement which incorporates the notion of operation excellence is currently being finalised, and will be used to provide future guidance and direction.

In the context of Weatherscape XT, the element of vision also emerges through MetService's acknowledgement of the opportunity as feasible, anticipating the appropriate level of flexibility and innovation within the software, tailoring it to specific customer requirements, and incorporating cost-effective elements such that it was a viable project for MetService to develop, and potential purchasers to acquire. The notion of vision in the context of the immediate customer (BBC) and future potential customers, leads to the final element of the proposed framework: growth; and is considered below.

f) Growth

The element of growth is incorporated in MetService's vision statement, and is referred to by Lumsden (2004) in financial terms, "increasing the wealth of the shareholders". Specifically Lumsden associates *growing wealth* with *developing more business*; more profitable business. Throughout the course of the interview, however, it is growth in terms of products, services, and customer base, which emerge as central to MetService's operations. Extending this concept, growth in terms of *reputation, recognition, internal satisfaction* and achievement, also emerge as features of MetService, due to the success of projects such as Weatherscape XT. Thus, growth emerges as a multi-faceted element central to Weatherscape XT.

Growth may also be considered at an organisational level as MetService learns from experience, matures, and continues to develop expertise in the area of its core capabilities. This is perhaps indicated by MetService's on-going improvement in forecasting accuracy, as it continues to focus on enhancing and innovating products and solutions, and expand the scope of products and services directly related to its core business.

Once final aspect of growth relevant to MetService, is the express reference to growth on the organisation's vision mug. Specifically, the vision statement includes the aim "to grow worldwide through customer appreciation of our valuable and innovative services" (MetService, 2004a, para. 10). Hence, based on the data pertaining to both Weatherscape XT and MetService in general, clear themes emerge as central to the nature of Weatherscape XT as a project which both entrepreneurial and strategic. These themes are summarised in Table 5.1 below.

Table 5.1 Proposed framework of strategic entrepreneurship in the context of Weatherscape XT

Proposed element of SE	Application/relevance of element to Weatherscape XT
Opportunity identification	• identification of *core capabilities* • opportunity identified by people outside the organisation • reputation for *operational excellence* resulted in opportunity being identified externally and presented to MetService • subsequent opportunity to further develop Weatherscape XT identified internally, as a result of MetService's technical skills and *customer focus*
Innovation	• balancing creativity with *cost effective* solutions • creativity balanced with practical, useful, and customer focused solutions "applied innovation" • *transfer and application* of knowledge • flexible and tailored products
Acceptance of risk	• risk viewed as *manageable* • management via standard procedures to address project and operating risk • project risk managed by reliance on core competencies • risk averse nature balanced with *confidence* in core capabilities
Flexibility	• flexibility of resources (e.g. time, staff) • freedom to innovate within working environment • flexibility to transfer and apply knowledge to new markets, products etc. • flexibility of a "can-do" attitude and confidence in core capabilities to apply existing knowledge in new domains
Vision	• clear vision of MetService's core business activities, and the activities it does not want to engage in • vision to see what is, and what might be; both the actual and possible • vision to *transform creative ideas* into innovative, useful products
Growth	• growth in financial and non-financial terms • revenue, profit, wealth • products, innovations, customer base • *reputation, recognition, internal satisfaction* • at an organisational level, *developmental growth* through learning from experience, maturity, developing expertise

Specifically, Table 5.1 highlights the key elements within the proposed framework, as well as identifying the relevant aspects of those themes to Weatherscape XT in the second column. Thus, significant support for each of the proposed elements exists. The following section examines other key aspects of Weatherscape XT which are also within the scope of the proposed framework, to determine whether practical support exists in areas such as scope, operation and function.

5.5.2 Key aspects of Weatherscape XT

Within the proposed framework, scope (the potential application of strategic entrepreneurship to

various forms of business), operation (the integration of elements central to strategic entrepreneurship), and function (the change in balance of those elements over time, and the resulting potential to create competitive advantage); were all considered important features of strategic entrepreneurship. Accordingly, this section examines issues relating to Weatherscape XT which emerged as significant from the data, and are also addressed within the proposed framework.

a) Scope

An important feature of MetService noted by Lumsden (2004) is the size of the organisation with respect to activities such as Weatherscape XT. In particular, Lumsden comments that restricting the size of the organisation is important to ensure activity which is both entrepreneurial and strategic continues. With staff numbers of approximately 180 people, MetService is classified as a large organisation in New Zealand terms (Cameron & Massey, 1999). Putting that number in the context of size classification in North America, or comparing it to government organisations in general, MetService may well be considered a small or medium size organisation overall (Miller, 1983). Certainly Lumsden is conscious of the organisation's size, stating "I don't think I'd like to see the company get any bigger. I'd be very worried if we got much bigger than what we are. I think you'd want to have another one, rather than two together."

This may perhaps be attributable to the close relationships of staff and the relaxed or informal work environment established in MetService, which provides freedom for innovation. Lumsden considers that the success achieved to date is closely linked to the culture of the organisation, and has concerns regarding whether that culture could be maintained in a larger organisation. "I don't think this place would work well if it was twice the size" (Lumsden). In response to the observation of competitors that MetService is a collection of extended families, Lumsden comments:

> It's true. We have got departments of 14-20 people. They all know each other…we know what's going on in other departments, so the organisation of it is not very difficult. Communication and decision-making are fairly easily done. You know them, you understand where they are coming from. If we were the size of the Australian Bureau of Meteorology (around 1,500) or the UK Met office (over 3,000), you couldn't know everything that was going on (Lumsden).

Reflecting on the issue of being a government organisation, Lumsden notes:

> We don't think there would be a significant difference in what we'd do if we were owned privately. We'd like to think that the way we're running the company is the way a new

owner would want it to be run.

Lumsden highlights that MetService competes against government and non-government organisations in the weather forecasting industry, and products such as Weatherscape XT assist the organisation in establishing itself with that industry. Essentially, Lumsden contends, projects of a nature similar to Weatherscape XT were available to government and non-government organisations, both large and small.

b) Operation and function

With respect to Weatherscape XT, the core elements discussed in Section 5.5.1 seem closely interrelated, and at times, deeply intertwined, such that it becomes difficult to separate or isolate particular elements from others. Examples include identifying the opportunity to further innovate Weatherscape XT, the flexibility within that innovation, transfer and application of knowledge linking both flexibility and innovation, having the vision to identify that opportunity. The close relationship between elements is reinforced by Lumsden (2004) who notes "innovation is fine, but we need this balance", indicating that a combination of elements is required.

Hence the notion of interrelated elements and balance within those elements emerges. Similarly, the issue of change within that balance begins to surface, as Lumsden emphasises the importance of innovation and opportunity identification in the initial stages of developing Weatherscape XT, but later highlights the importance of flexibility, as the software is modified to satisfy the needs of individual users such as the BBC. Thus a change in the balance of these elements can be noted throughout the development of Weatherscape XT. Innovation for example, emerges a dominant feature in the initial stages of the project as creative ideas were transformed into a practical and user friendly product. Opportunity identification and vision were emphasised particularly in the later development of the software, once TVNZ withdrew. Acceptance of risk and flexibility seem balanced throughout the development; growth being emphasised at the end of the project.

One final point raised by Lumsden is the issue of competitive advantage arising from Weatherscape XT. Lumsden notes the success of Weatherscape XT has brought advantages to MetService, both financial and non-financial. Establishing itself as a leader in the industry and gaining increasing recognition, represent significant benefits to the organisation. With respect to any enduring benefit or sustained competitive advantage however, ultimately this will become

clearer over time. Thus, the case of Weatherscape XT offers significant insight into strategic entrepreneurship and substantial support for the proposed framework, based on the findings presented above.

It should be noted however, that the data relating to Weatherscape XT also provides insight on issues relating to strategic entrepreneurship, beyond the scope of the proposed framework. The iterative process of data analysis revealed various additional themes within the data, which were not initially identified within the proposed framework detailed in Chapter 3. Such themes did however, indicate a relationship with strategic entrepreneurship in some form, and are considered in the following section.

5.6 Examining Weatherscape XT: beyond the scope of the proposed framework

Based on the data pertaining to Weatherscape XT, various themes emerge in support of the proposed framework of strategic entrepreneurship presented in Chapter 3. Further analysis of the data, however, also reveals a number of elements associated with strategic entrepreneurship, which were not addressed within the proposed framework. These elements may be broadly categorised under the headings of strategy, culture, and branding, and are considered in the respective sections below.

5.6.1 Strategy

While MetService seems to have a clear vision for the organisation and emphasises the importance of this vision, Lumsden (2004) makes a clear distinction between the organisation's very deliberate focus on innovation, and the term "strategy".

> We wouldn't normally bless it with the title 'strategy'. Where we start from is this…the vision mug. When you're recruited by this organisation, you get given one on your first morning here, and told that if all else fails, when you're trying to make a decision, if it's consistent with what's on here, you'll be just fine. So if there's a strategy at all, it came from people's interpretation of what was on the back of the coffee mugs. And it's on the back of everyone's coffee mugs because we have left-handed ones as well as right-handed ones. We don't actually have a strategy; we don't actually consciously think of it that way.

The organisation's vision and in particular, the staff coffee mug which details the vision statement, are referred to continuously throughout the interview.

> There's a very intentional attempt to align our policies and procedures with the organisation's vision, and that has almost magically allowed the people [within the organisation] to do the things which others say "that's pretty cool; how do you do this innovative stuff? (Lumsden)

Caution in using the term "strategy" is perhaps a reflection of its association as a rather formal concept or plan (Ansoff, 1965, 1979). Certainly the culture within MetService, and the atmosphere created by Lumsden during the interview seems informal, open, and relaxed. Thus, while no formal strategy is in place, a clear mindset or vision provides the necessary direction and guidance for the organisation to employ activities which are both strategic and entrepreneurial in nature, for the purposes of creating competitive advantage. Such findings indicate that while strategy is at the core of strategic entrepreneurship, it may be either *formal or informal*. The issue of MetService's informal culture in the context of strategic entrepreneurship is considered in further detail below.

5.6.2 Culture

Within MetService the culture of a proactive, curious, and open organisation seems well established. Flexibility within the work environment, emphasis on innovation, and the strong working relationships both internally and externally; also emerge as central to the operations and success of MetService (MetService, 2003). Lumsden (2004) attributes this success to the culture of the organisation. "There's no doubt we welcome innovation. And it just happens." Lumsden sees this as being culture driven, and considers the advantage for MetService is the difficulty which competitors face in copying that culture. At the same time, however, Lumsden acknowledges that MetService itself does not have a perfect understanding of how it continues to innovate so successfully within this culture, and feels it may be difficult to maintain the culture if the organisation grew significantly in size.

Reinforcing the notion of a flexible and relaxed work environment, MetService also emphasises the elimination of unnecessary bureaucracy. Lumsden does not have a personal assistant; his door is open to staff, and he acknowledges a reference to the organisation as "a collection of extended families". Certainly MetService seems to be an informal and open place to work.

"MetService has no ivory towers – we're much more interested in getting involved and achieving results" (MetService, 2003, p. 9). Two aspects within this culture which seem particularly relevant to MetService's success in adopting an entrepreneurial and strategic approach to business are confidence in the organisation, and the value placed on employees. Each of these issues is considered briefly below.

a) Confidence

As noted previously, confidence in MetService's own abilities was something the organisation had to develop; "learning to have confidence in ourselves" (Lumsden). This has resulted in a "can-do" attitude which allows MetService to take on new projects, knowing they have the strength of operational excellence in the area of their core capabilities. "We realised we didn't have to be too frightened of things not working out…we had the skills in getting things to work once we analysed them" (Lumsden). This is highlighted by MetService taking on projects such as forecasting in the Himalaya Mountain region, which was a new activity for MetService, and something several other organisations in China and Australia chose not to engage in.

b) People

The other aspect of culture which emerges as an important theme from the data is *people*. MetService repeatedly emphasises the importance of *relationships both internal and external* to the organisation. "To achieve great things we need to employ great people and keep them – that's why we are dedicated to creating and sustaining our unique internal culture" (MetService, 2003, p. 9).

Staff turnover is extremely low.

> The management team that's in place today has one addition and two subtractions from what it had in 1992. We said goodbye to someone the other day who had worked here for 38 years. Staff tend not to leave. We want [MetService] to be an inspiring environment...we try to give staff work that is meaningful, recognise that people can and will want to enjoy their work (Lumsden, 2004).

Excerpts from the annual report support this philosophy and link it to MetService's commercial outlook.

> These strong working relationships help us develop our business and make a valid contribution to yours. Our belief is that the love of what you do and where you work is a starting point for excellence. This is at the heart of our organisation so our customers benefit from the best people working for their organisation (MetService, 2003, p. 5).

Such excerpts from the annual report are further reinforced through statements made by Lumsden during the interview. "The value of the [organisation] isn't the value of the equipment; it's in the people and the way they work". Hence, a focus on relationships within the organisation is considered central to MetService and the success of the organisation.

5.6.3 Branding

One final theme which emerges from the data is branding. While not discussed at length, it is an important construct to be considered in the context of strategic entrepreneurship, relevant to government organisations in particular. Lumsden (2004) notes the importance of MetService's organisational structure, and the role of Metra, MetService's subsidiary, within that structure.

> We use the brand Metra when we're overseas, because we don't want people to get confused with the traditional national meteorological service. The national meteorological service of New Zealand doesn't stack up too well when you're selling energy generators in other countries. You have to explain your government ownership, but your commercial focus. So we decided to brand ourselves.

Thus, in the context of government organisations, branding appears to be an important aspect in order to ensure traditional associations of government organisations with inefficiency, a non-commercial focus, and other potentially negative overtones; do not have any adverse impact on the organisation in a commercial environment. A summary of the findings with respect to Weatherscape XT and MetService in general, is detailed in Table 5.2 below.

Table 5.2   Additional elements relevant to strategic entrepreneurship in the context of Weatherscape XT

Additional elements relevant to SE	Identification of element within Weatherscape XT
Strategy	• clear direction and guidance provided by the organisation's vision • may be *formal or informal*
Culture • confidence • people	• relaxed, open, informal environment • confidence in core capabilities to take on new projects • strong focus on relationships both internal (staff) and external (customers) e.g. providing a challenging and rewarding work environment for staff
Branding	• *distinguishing the organisation's image* from that which is typically associated with traditional government organisations

Specifically Table 5.2 provides a summary of the central themes emerging from the case which

are beyond the scope of the proposed framework, and may offer further insight into strategic entrepreneurship as a general construct, or strategic entrepreneurship specifically in the context of government organisations.

5.7 Developments in Weatherscape XT

As noted previously, interviews and data collection were done in two phases, approximately six months apart. Accordingly, this section presents details of the key developments in Weatherscape XT, based on the updated data collected in the second phase of this study.

In the six months to June 2005, a number of developments are evident regarding Weatherscape XT in particular and MetService in general. Following finalisation of software modifications, the BBC began using Weatherscape XT in their broadcasts from May 2005 (Schwarz, 2005), and now presents more than 100 such broadcasts per day (Lumsden, personal communication, 12 August 2005). Various complaints raised by BBC viewers regarding the graphics (e.g. colours and angles used by the BBC) meant that several changes were made to the BBC's weather presentations, all of which were easily accommodated by Weatherscape XT based on functions already built into the software (Lumsden). Reflecting on the project, Lumsden notes "the software is working very well" and refers to the BBC's comment that choosing to use Metra and Weatherscape XT was the best decision they've ever made.

With respect to the current status of Weatherscape XT, Lumsden's comments indicate that the focus has now shifted from innovation to growth. MetService is now engaged in "some heavy duty follow up" (Lumsden) with various organisations to promote sales of Weatherscape XT; focusing on growth in sales to other customers and potential new customers. "Launching with the BBC is probably the biggest marketing boost we could ever have" (Lumsden), and the emphasis is now on promoting sales, as a result of that marketing boost. Progress in this area is reflected by the visit of a European Delegation to MetService in July 2005 regarding MetService's weather forecasting and presentation capabilities (Dominion Post, 2005).

Referring to Weatherscape XT in the context of competitive advantage, Lumsden suggests such advantage has been realised, both directly and indirectly. "Very definitely Weatherscape XT has

created a competitive advantage for MetService. It is the biggest weather graphics project ever" (Lumsden). Lumsden also notes that while delivering the service to the BBC has been a great promotional advantage, delivering the service so competently has shown MetService to be a serious participant on the world stage, establishing and reinforcing its credibility. Specifically Lumsden notes competitive advantage has been realised through increased confidence to take on new projects; to be "more risk-hardy" (Lumsden). Thus, the notion of "can do" is not just an attitude or mindset within MetService, but also a proven capability.

Final comments by Lumsden relate to the issue of wealth creation, and in particular the number of levels on which wealth has been created. Wealth from knowledge and experience, learning how to manage large projects and the associated issues of policies and logistics regarding relocating staff to the United Kingdom, learning how to integrate staff into the organisation when they are somewhat disconnected or detached due to their focus on a single project. From a financial perspective Lumsden notes MetService has had the most successful year ever, mainly due to Weatherscape XT, and will be announcing record profits and dividends. Thus, it seems there is a clear relationship between Weatherscape XT and wealth creation.

5.8 Summary of Weatherscape XT

This chapter has provided an overview of both MetService and Weatherscape XT, identifying themes both within and beyond the scope of the proposed strategic entrepreneurship framework. Thus, the review of Weatherscape XT's development from an innovative concept to an activity which is at the intersection of entrepreneurship and strategy has highlighted the underlying elements and themes. These themes are discussed further in Chapter 8, following presentation of the remaining two case studies.

Chapter 6

6. Findings: New Zealand Post case study

6.1 Introduction

Findings from the previous chapter provide insight into the concept of strategic entrepreneurship in the context of one particular organisation: MetService. This chapter continues to explore the strategic entrepreneurship as the point of intersection between entrepreneurship and strategy in the context of a second organisation: NZ Post, in order to obtain a better understanding of strategic entrepreneurship and provide a basis for comparison regarding the MetService findings.

6.2 New Zealand Post

Similar to MetService, another government organisation within New Zealand with a strong awareness of its commercial imperative is NZ Post. Jim Bolger (2004, p. 5), Chair of NZ Post's Board of Directors, comments on the organisation's character as follows: "like most large businesses, it faces challenges and opportunities in its operating environment. Unlike most businesses, it is essentially a commercial organisation with a public character." The following sections provide an overview of NZ Post's operations, and examine one activity in particular, the incorporation of Kiwibank Limited (Kiwibank), in the organisation's search for activities which are both entrepreneurial and strategic.

Once again themes are examined firstly in the context of the proposed framework: elements, scope, operation, and function of strategic entrepreneurship. Secondly, themes which emerge from the data but are beyond the scope of the proposed framework are also identified and explored. Lastly, developments in Kiwibank over a six month period are explored to identify the changes and progress made over time.

6.3 Overview of New Zealand Post

NZ Post has been providing mail services within New Zealand for more than 160 years. It is one of the few postal organisations in the world operating in a deregulated market (NZ Post, 2004), and is recognised internationally as a successful organisation. Robyn Hogg, Organisational Development Leader notes NZ Post is ranked third in the global postal industry (Hogg, personal communication, 1 December 2004).

Activities of the former New Zealand Post Office included three core services: telecommunications, banking, and postal services. In 1987 the New Zealand Post Office was formally divided into three separate government organisations: Telecom, Post Bank, and NZ Post; each of which was incorporated as a commercial, profit-oriented entity as part of the government reforms at that time.

The cover of NZ Post's Annual Report for 2004 reads "more than meets the eye". This is particularly relevant to the change and adaptation within NZ Post, in response to changes within New Zealand. While mail services are referred to as the "engine room" of NZ Post, there is an awareness of the decreasing trend in traditional mail (NZ Post, 2004, p. 1). Thus, in recent years the organisation has made a very deliberate decision to diversify its business around a central theme of connecting people.   Such diversification includes personal and customer communications, banking and payments, physical goods distribution, and document and information management (Appendix I provides a brief definition and description of the terms used by the NZ Post Group regarding its services and business operations).

Specifically, activities within the NZ Post group include Datamail Limited's document management services, which have expanded internationally through the 75 per cent share acquisition in Outsource Australia Pty Limited, an Australian based organisation focusing on business process outsourcing. International consultancy services on mail processing are provided by Transcend Worldwide Limited. Books & More NZ Limited, now a wholly owned subsidiary of NZ Post following its purchase of the remaining 25 per cent shareholding in 2004, operates as a franchiser for Books & More retail stores. Red Tickets sells tickets to public sporting and entertainment events online; Express Couriers Limited has been established to expand the group's operations in the courier services market, and is currently negotiating with

DHL regarding possible joint venture opportunities. Thus, the operations of NZ Post are both diverse and growing. A summary of the subsidiaries and associated companies within the NZ Post group is detailed in Appendix J.

NZ Post sees its role as an "essential intermediary" (Bolger, 2004, p. 4) in the business and personal activities of New Zealanders. "Our purpose has not changed, although how we meet the needs of our customers continues to evolve as New Zealand and the world change" (Bolger, 2004, p. 4). Outside NZ Post, the organisation is seen as a successful and proactive organisation (Birchfield, 2005; New Zealand Herald, 2002). In 2001 NZ Post won a major consultancy contract with the Nigerian Post Office to prepare it for privatisation, and has similar contracts in Trinidad, Tobago, and Malta.

Growth is a key feature of NZ Post's expansive business operations. In 2004, approximately half a million people came through the doors of NZ Post's expansive retail network each week. "We help connect New Zealanders nationally and internationally. Our networks and Post people give us extraordinary reach into our communities" (Bolger, 2004, p. 4). With over 1,000 retail outlets in New Zealand, and approximately 17,500 staff; "approximately 1 in every 100 working New Zealanders" (Allen, 2004, p. 9); certainly NZ Post has established a strong national presence.

The organisation has also established a consistently strong financial record. Profit after tax for 2004 was $36.5 million for 2004; $21.9 million of which was paid to the government in dividends. Profit after tax for 2003 was $27.1 million; $16.2 million of which was paid to the government in dividends. Non-financial achievements include exceeding targets for delivery and accessibility, providing a six day per week postal service to more than 97 per cent of New Zealand addresses; at least a five day per week postal service to more than 99 per cent of New Zealand addresses (NZ Post, 2004).

Despite its consistently strong financial performance, NZ Post has been subject to significant criticism. It was the first government organisation to be referred to the New Zealand Parliament's privileges committee, in relation to one of two very public and unsuccessful ventures to provide international consultancy services. "State owned enterprises have a very chequered history when it comes to international ventures. New Zealand Post has lost millions of dollars on ventures in South Africa and Spain" (Van den Bergh, 2004a, p. 1). Findings from an investigation into the activities of NZ Post revealed expansion without any formal business plan, extravagant

and unnecessary spending, locating staff in Madrid without the necessary work permits (Mold, 2002). In its defence, NZ Post argued that the Spanish Government appeared eager to hire external consultants, but a new Government with a different attitude had since been elected. It also contended that Spanish Government representatives had agreed work permits could be postponed until proposed consultancy services were agreed upon (Mold, 2002). Despite these issues however, public support for and recognition of NZ Post remains intact.

As part of an ongoing search for innovative and entrepreneurial opportunities, NZ Post has engaged in a number of new activities and projects. In particular, Datamail introduced a new version of the hosted archive and mail retrieval system, VRetrieve, which holds scanned documents such that a complete view of a customer relationship and history is available online. NZ Post introduced a Geographic Information System which electronically maps customer delivery points and makes it possible to check new customer locations without first visiting the their property, for over 550 rural delivery contracts. Through NZ Post's agency services, eBill has been introduced such that payment of fees via NZ Post for more than 80 different organisations can now be done online. The organisation's Electoral Enrolment Centre, which manages New Zealand's electoral enrolment process on behalf of the Ministry of Justice, has implemented a new electronic system resulting in increased efficiency and decreased costs, by enabling enrolment details to be updated in real time. The organisation has also completed development of VPayable, "ground-breaking, cost-saving software" (NZ Post, 2004, p. 28), which provides for automated processing of accounts payable. Thus NZ Post has a strong focus on adopting innovative activities as part of its overall strategy. Such initiatives involve a search for opportunities through the adoption of new technology; creative and customer-focused solutions.

Within this strategy, NZ Post took the rather bold and controversial step of entering New Zealand's banking industry in 2001, with the establishment of Kiwibank. Although controversial, this activity may be viewed as one at the intersection of entrepreneurship and strategy. Essentially, its entrepreneurial nature is evidenced by identifying the opportunity to create a New Zealand owned bank which offers innovative financial services to a market largely ignored or under-emphasized by NZ's large foreign-owned banks. The strategic aspect of Kiwibank is highlighted through NZ Post's focus on maximising the use of their existing infrastructure and core capabilities to create sustainable profits and a secure future for the organisation. Other forms of entrepreneurship may have been available to NZ Post, but not necessarily strategic in nature, or aligned with the resources and direction of the organisation, to provide the opportunity

for establishing competitive advantage. Similarly, other strategies may have been available to NZ Post, but not necessarily incorporating the mix of opportunity recognition to establish a New Zealand owned bank, innovative technology, vision, and flexibility of implementation, which is central to Kiwibank. Thus, the activity may be recognised as both entrepreneurial and strategic. The issues which surround the development of Kiwibank are the focus of further examination in the following section.

6.4 Overview of strategic entrepreneurship in practice: Kiwibank

Kiwibank has been described as "the people's bank" by some; "a waste of money" by others (Vaughan, 2005). Certainly it is a controversial project (Wellwood, 2001), but one which NZ Post views as an innovative and entrepreneurial opportunity. The concept of establishing a bank was identified by management of NZ Post in response to the organisation's search for a sustainable income stream, due to changes within the mail industry.   In addition to providing sustainable income and future profits, the purpose of establishing Kiwibank was to increase competition within the banking industry, offer cheaper services than rivals, adopt a strong customer focus by opening longer hours, and establish more branches than any other bank in New Zealand (Knowles in Vaughan, 2005). After only three years of operations, Sam Knowles, Chief Executive of Kiwibank, notes that the organisation has achieved each of these objectives.

"Bringing New Zealanders accessible affordable banking through Kiwibank was an ambitious and strategic decision for New Zealand as well as for NZ Post" (Allen, 2004, p. 6).   Kiwibank has exceeded its targets for 2004 and is expected to return a profit in 2005. In 2004, the bank's customer base grew to more than 250,000 people, and its home loan portfolio has doubled to $1 billion (NZ Post, 2004).

Kiwibank was established in May 2001, and was formally registered as a bank in November that year. The background to establishing Kiwibank is described by Hogg as follows:

> From an internal [NZ] Post strategy point of view, we've been facing for a long time the situation where we expect our core postal services to start to decline. The question to grapple [with] all over the world, with is 'when does that start to matter?' When does electronic substitution, the main direct threat, really start to kick in? That's taking longer than initially expected. What has happened is that our postal volumes have been declining a little bit, but the mix of mail is changing, particularly as direct mail practices

are becoming more sophisticated. Thinking long term on a 5-10 year plan, the postal volumes will start to slow down. We don't think they'll die. However, looking at the economics of our business, we needed another income stream to keep up the profitability of the company, and to keep our people employed.

The concept of establishing a bank was initially raised at a management meeting in the mid 1990s. It was in the late 1990s that the concept received strong support from the then leader of the Alliance Party, Jim Anderton, in response to the increasing foreign ownership within New Zealand's banking industry (Bolger, 2005; Taylor & Black, 2001).

> We could hear for ourselves what was being said about the profits going out of the country; the service being pretty lousy, [high] fee structures...so we started seeing the opportunity as real to us. We were already keeping an eye on [the market] long before the politicians started getting antsy about the profits the big banks were making and taking offshore (Hogg).

Since the 1980s New Zealand's banking industry has witnessed the gradual takeover of New Zealand-owned second tier banks. The first tier or "big four" banks operating in New Zealand are now all foreign-owned. Australia and New Zealand Banking Group Limited (ANZ), Westpac Bank, ASB Bank (owned by Commonwealth Bank Australia), and Bank of New Zealand (owned by National Australia Bank); hold 87.5 per cent of the assets within New Zealand's banking industry (Vaughan, 2005). With respect to the second tier banks, most of these were bought out by the first tier banks during the late 1980s and 1990s. Post Bank was sold to ANZ in 1989, Trustbank was purchased by Westpac in 1996, Countrywide was taken over by the National Bank of New Zealand in 1998. (National Bank of New Zealand was at that time, foreign owned, and later purchased by ANZ in 2004.) "So there was a gap in the market for second tier banks and there was a gap in the market for a New Zealand owned bank" (Hogg).

In response to that gap Kiwibank commenced operations in late 2001 focusing on personal banking, and quickly established a strong presence in the market. By early 2005 Kiwibank's services have expanded to include a wide range of personal banking services such as home loans, term deposits, credit cards, savings and cheque accounts. It has over 300 branches including 30 branches in areas previously abandoned by other banks. Within Kiwibank new technology provides the freedom and flexibility to offer innovative services such as Sweep and Dynamic Sweep within a low cost structure. In 2005, Kiwibank plans to expand its operations with the introduction of 300 automatic teller machines, as well as offering small and medium sized business banking. David Russell, Chief Executive of New Zealand's Consumer Institute refers to Kiwibank as "a genuine alternative to [New Zealand's existing] banks. I think the consumer has

benefited just by simply having it there" (Russell in Vaughan, 2005). Kiwibank has also received formal recognition, being judged "best bank" by Consumer magazine in both 2002 and 2000 (NZ Post, 2004).

Critics of the venture such as David Tripe, Senior lecturer in Banking at Massey University, New Zealand, suggest negligible market share, the continued profits of the large foreign banks, and lack of any major impact on the pricing of financial services within the banking industry, indicate Kiwibank has not been successful (Vaughan, 2005). However, based on data obtained, arguably Kiwibank was not established for those purposes. The organisation was essentially set up to provide NZ Post with a sustainable income stream, offer New Zealanders a customer-focused alternative to foreign banks, and provide the opportunity for future profits to remain onshore. After only three years, Kiwibank has established itself as a viable competitor in the market, with a growing customer base, and has influenced the pricing of financial services (Moore, 2003). Clearly the organisation is still at an early developmental stage and plans for steady, long-term growth in the future. "Building a bank is about growing at the rate we are for the next 20 years. It's not a short-term growth path" (Knowles in Vaughan, 2005, para. 53). Supporters of the bank such as Moore (2003, para. 11) suggest:

> There are two reasons to applaud Kiwibank's success. The first is that it is helping to keep the bigger banks in check. The second is that, provided it doesn't try to grow too big too quickly, it has every likelihood of soon returning worthwhile profits to NZ Post and its owners, the country's taxpayers.

Thus, the above overview provides a basic understanding of the background to, and details of Kiwibank: a controversial venture, but also one that has been recognised as both entrepreneurial and strategic. In order to gain an understanding of strategic entrepreneurship in practice, the following sections examine the specific elements central to Kiwibank which characterise it as both entrepreneurial and strategic. The first of these sections considers the activity of Kiwibank within the general context of the proposed framework. The second of these sections examines elements emerging from the data which are relevant to strategic entrepreneurship, but are beyond the scope of the proposed framework. Lastly, developments within Kiwibank over a six month period are examined, based on findings from the second phase of data collection.

6.5 Examining Kiwibank in the context of the proposed framework

Returning to the proposed framework of strategic entrepreneurship and the related propositions presented in Chapter 3, the activity of NZ Post and Kiwibank in particular is examined broadly in the context of the proposed framework. As such, this section considers the elements and themes relevant to both NZ Post and Kiwibank, and subsequently uses these themes as a basis for further discussion in Chapter 8.

6.5.1 Core elements of Kiwibank

Based on the data pertaining to NZ Post and Kiwibank collected and examined in the initial phase of this study, a number of themes emerge as central to Kiwibank. Each of these themes is presented under the relevant headings below.

a) Opportunity identification

The notion of opportunity identification emerges as a clear and recurring theme from the data pertaining to Kiwibank. NZ Post's Annual Report for 2004 emphasises the organisation's *active search* for opportunities to create sustainable income and foster growth. Hogg refers to both the gap in the market for second tier banks, and the gap in the market for a New Zealand owned bank, as a key opportunity. Support from NZ Post's shareholders and the increasing dissatisfaction of the general public with the large banks operating in New Zealand, resulted in NZ Post seeing the opportunity as "real to us" (Hogg, 2004).

Other opportunities identified as relevant to the establishment of Kiwibank include the infrastructure and profile of NZ Post, the availability of experienced, qualified bankers in the banking industry, and the accessibility of low-cost, flexible banking software which the larger banks did not necessarily have. Each of these issues is considered briefly below.

Hogg refers to the "New Zealand-ness", or public favourability of NZ Post as a core competitive advantage of the organisation; "the trust within which NZ Post is held by the public. We're seen as a NZ icon; as a NZ institution". This, combined with the organisation's existing reach provided through more than 1,000 NZ Post retail outlets throughout the country, and thousands of staff

already trained in processing payments; provided a solid infrastructure with which to build a bank.

> At the Post Shop you can do a whole lot more than just post your mail. Up to 86 organisations have a payments service [through Post Shop]. We do a whole lot of financial services. These people are used to processing money, so what's so different about processing bank transactions? So you've got the bricks and mortar, the customer satisfaction surveys saying people want more human contact, [NZ Post staff] up and down the country, our New Zealand-ness… that was some of the logic on which we said 'let's go and set up Kiwibank' (Hogg).

With respect to the changes within New Zealand's banking industry, Hogg notes the pressure faced by senior banking staff to relocate to the Australian banks' head offices in Melbourne.

> The other opportunity we had was a cadre of banking executives from first and second tier banks who didn't necessarily want to live in Australia, and work in the [Australian-based] head offices. So there were experienced bankers available in the market. And you've got the opportunity to [offer them the chance] to build a bank from scratch (Hogg).

Hence the opportunity extended to both the organisation and individuals within the organisation.

One final opportunity noted by Hogg, is the flexible, innovative, and low cost banking software available in the market.

> A lot of the first tier banks found it hard to innovate their products and services due to old systems. But when you build a new bank, you don't have a legacy system, so you go and buy a new system. That's the luxury [we had]. We could go out and buy a much cheaper system with lower maintenance costs, and that's given us the opportunity to be very competitive in our prices.

Such comments are acknowledged by competitors in the banking industry (Brent, D., personal communication, 20 December 2004).

Thus the notion of opportunity identification regarding Kiwibank emerges as a strong theme, and is reinforced on a number of levels. Essentially it may be viewed as a single opportunity to establish a New Zealand owned bank, supported by various environmental factors, both internal and external. Alternatively it may be perceived as the *accumulation* of individual opportunities which contributed to and culminated in the act of establishing a banking network. Ultimately, it is the result of opportunity identification which took pace within the organisation. Hogg indicates, however, this is not always the case. With respect to NZ Post's international consultancy services, one of the organisation's earlier entrepreneurial endeavours, Hogg refers to internal efficiencies within NZ Post's own mail processing operations resulting in other postal administrations around the world asking for assistance to modernise their own postal networks.

> As a result of those requests, we eventually set up a business unit on the basis that there was money to be made. So we responded to an opportunity which was literally being

thrown in our face, without us even asking.

Hence the element of opportunity recognition has been a process both *internal and external* to NZ Post. Essentially however, external identification of opportunities which have been presented to NZ Post were a result of the organisation being recognised for its operational efficiency, or *operational excellence*. Thus the notion of opportunity identification outside the organisation seems directly related to increasing recognition for operational efficiency or operational excellence within the organisation.

As noted above, one the core capabilities identified within NZ Post was operational excellence in the postal industry. "Within NZ Post we got standardised processing in place, got rid of a lot of waste, and subsequently increased productivity, decreased costs, and increased profitability." During the early 1990s NZ Post innovated its letter processing services, which resulted in a 25 per cent increase in profitability for the organisation. In recognition of internal efficiencies and subsequent international consultancy, the organisation subsequently won a trade export award in the mid 1990s for work done in Malaysia (Hogg).

Hogg also alludes to operational efficiency in the form of economies of scale. "The other thing about the [Post Shops] is that it works like any other business, the more transactions, the better the economics" (Hogg). Thus, introducing banking operations through NZ Post's existing infrastructure made economic sense. This is reinforced through the strategy of NZ Post "to *leverage the capabilities* of the core business" (Hogg), and is discussed further under the heading "Strategy" in Section 6.6.

Hence opportunity identification is a strong theme closely related to identification of core capabilities, vision to identify an appropriate gap in the market, opportunity to offer innovative and flexible services. In particular, the construct of innovation is subject to further analysis below.

b) Innovation

Within the data, innovation emerges as a conscious strategy of NZ Post, and a strong theme within the incorporation of Kiwibank. Hogg (2004) has a clear view of what innovation means to NZ Post:

> Innovation happens when someone has an idea, and then there's a whole lot of forces when the time is right to go for that idea. And sometimes there's a large gap in time [between the two]. So there's a lot of thinking that goes on.

With respect to Kiwibank, Hogg indicates innovation in the form of *applying the infrastructure* of a postal network to quickly establish an extensive banking network, using advanced banking software to introduce a range of new financial services such as Sweep, Dynamic Sweep, Paystream, e-mail alerts, and bank statements via e-mail. Both Sweep and Dynamic Sweep are financial services which automatically transfer funds between accounts, to ensure minimum balances (specified by customers) are maintained, and any excess funds available (over a customer specified amount) are transferred to accounts with higher interest rates. Paystream encourages saving behaviour, by automatically redirecting a set amount or percentage of electronic deposits (from a cheque account for example) to a customer's savings account. Such innovative services are facilitated through the use of new software, which provides Kiwibank the flexibility and freedom to offer these services within a low cost structure.

With respect to NZ Post's operations in general, innovation also emerges as a central theme. Regarding NZ Post's internal operational efficiencies, Hogg notes "there was a whole lot of world firsts in what we did". Such innovations include the clear floor policy (moving from day-time to night-time processing of mail), and the design of ergonomic sorting cases for postal delivery staff, which resulted in export sales of approximately $4 million. Hogg also notes that the organisation's international consultancy work spawned further innovation. "When [our] people go over and modernise other postal administrations, the team will get ideas. They *innovate on the innovation*, and bring that back to NZ Post. So we've had this quite nice thing going." Thus innovation emerges as a strong theme within Kiwibank and NZ Post.

c) Acceptance of risk

The notion of risk is also a theme which emerges as central to Kiwibank. Outside the organisation, the project was considered high risk by both supporters and critics. As noted by Moore (2003) "setting up the bank was a risk – but it looks like it will fly after all". Other Government organisations and representatives were not so receptive. Incorporation of Kiwibank was against the advice of the New Zealand Treasury and the New Zealand Government's Crown Company Monitoring Unit, the opposition party, and the financial community (Vaughan, 2005).

Within NZ Post, there is an acceptance that Kiwibank does have considerable risk, but essentially such risk is viewed as *manageable*. "We wouldn't have done the project if it was high risk. That was the whole idea of doing a comprehensive business case" (Hogg, 2004). Hogg does, however, acknowledge the risk perception of others outside the organisation was markedly

different. "They thought we were nuts" (Hogg).

"Sure there were risks, but one of the best *mitigators of risk* is to get the right people involved, and we'd done that. We had a wonderful pool of people" (Hogg). Other actions taken by NZ Post such that the risk was viewed as manageable include preparing a comprehensive business case, employing people with industry expertise, researching the market on customer behaviour of switching banks, and balancing business judgement, analysis, and intuition. Hogg also refers to the element of *confidence* as an important factor in response to the risk perceived by others.

> A new retail bank hadn't been built in this country in years [and there was a strong perception] that there wasn't the need; that we couldn't pull it off. So you have to have belief. You have to be *mindful of the risks*, you have to be a realist, and you have to have a strong belief that this is doable (Hogg).

The issue of confidence is an important theme and is considered in the context of organisational culture, in Section 6.6.

One final aspect of risk relating to NZ Post in general is the acceptance that innovative and entrepreneurial endeavours aren't always successful. Acceptance of such risk is acknowledged by Hogg, who notes "that's the essence of innovation. You learn from those situations. It's part of business." Hence acceptance of risk is a recurring theme relevant to both Kiwibank and NZ Post in general, and is perhaps indicative of the flexibility within NZ Post to identify and manage risk. The notion of flexibility is considered in further detail below.

d) Flexibility

The element of flexibility emerges as central to Kiwibank in a number of areas. The use of advanced technology and in particular banking new software provides Kiwibank with the flexibility to offer innovative services which banks with older systems don't have, within a low cost structure. Flexibility through the *adaptation* or application of NZ Post's infrastructure to quickly establish an extensive banking network, as well as flexibility in the organisation's ability to identify viable projects within the scope of the central theme "connecting people"; also reinforce the importance of this construct.

Specific aspects of flexibility within Kiwibank which are identified by Hogg relate to the expectations and timeframes for customer growth and services. The main variation from Kiwibank's original plans is the expected timeframe;

> We are doing things faster [than expected]. We thought it would take three years to get

to 100,000 customers, and we've already got nearly 300,000. We got to 100,000 at the end of the first year. We're just about to pilot business banking, and we thought we wouldn't be doing that quite so quickly. Financially we're ahead of target.

"As much as you can plan, you've still got to be flexible" (Hogg). Such flexibility is demonstrated through increased employee numbers, introduction of automatic teller machines sooner than planned, and faster improvements of processes which were put under pressure due to increased customer numbers. Thus, flexibility in the products and services, operations, and systems, is inherent to Kiwibank's operations. Such flexibility may also be considered as inherent in the organisation's vision, and is considered in further detail below.

e) Vision

During the initial interview, vision is referred to in a direct manner only once by Hogg: "we were absolutely bound by the *shared vision* and belief that [the project team] could do something really exciting to dent the banking industry". Indirectly, however, vision repeatedly emerges from the data, and seems closely related to opportunity recognition. Hogg's reference to identifying a gap in the market, starting to see the opportunity as real, and having the vision to implement the idea once other environmental factors were suitable; reinforces the relevance of vision to Kiwibank. While vision for a particular opportunity such as Kiwibank may be initiated by an individual leader, it seems the success of an organisation with so many branches and staff, suggests that vision must genuinely be shared throughout the organisation, in order to achieve the intended results.

The concept of a shared vision is guided by the organisation's aims to connect people, establish a network for all New Zealanders, and focus on customers (NZ Post, 2004). Thus, the official vision of the organisation seems well aligned with the shared vision adopted throughout the organisation. This synergy is also supported or enhanced by individual strategies such as Kiwibank, coinciding with and supporting the overall vision of the organisation. Thus the foresight and judgement reflected in identifying an opportunity such as Kiwibank as viable, is also a reflection of NZ Post's vision and provides the opportunity for growth, addressed in further detail below.

f) Growth

With respect to the data relating to both Kiwibank and NZ Post, the notion of growth also emerges as an important issue. Hogg refers to growth in customers and employees, revenue and costs, as well as growth in the organisation overall, as it progresses towards profitability. NZ Post's Annual

Report (2004) refers to growth in the context of operational efficiency, noting "central to achieving our growth ambition is the need to ensure our business processes are efficient, and enable customers to do business with us easily" (Allen, 2004, p. 8). Thus, growth seems fundamental to both Kiwibank and NZ Post.

Specifically Allen (2004, p. 9) notes:

> We are taking action to create a platform for the future. We are changing how we operate and, in particular, putting the customer at the centre of what we do. This is critical for New Zealand Post to grow. Growth is not just about money. It is about sustaining our business. Growth is good for Post people, our customers, and our shareholders. By growing the business we will ensure New Zealand Post is as relevant in the next 160 years as it has been in the last 160 years.

Thus the notion of growth is relevant to Kiwibank and NZ Post on a number of levels, including financial and non-financial, physical and developmental.

Hence, based on the data clear themes emerge regarding the elements central to NZ Post in general and Kiwibank in particular. These elements are summarised in Table 6.1 below.

Table 6.1 Proposed framework of strategic entrepreneurship in the context of Kiwibank

Proposed element of SE	Application/relevance of element to Kiwibank
Opportunity identification	• internal opportunity identification on a number of levels (e.g. organisational , individual) • based on extension of core capabilities • both *internal and external*, due to recognition for *operational excellence*
Innovation	• customer-focused ideas in a practical context, *applied innovation* • transfer and application of core capabilities in different contexts • innovation through ongoing improvement of core capabilities
Acceptance of risk	• viewed as *manageable* within NZ Post • minimised or managed by conducting research, involving skilled people, exercising judgment
Flexibility	• flexibility to offer new products and services • flexibility of vision to identify opportunities where NZ Post's core capabilities can be applied • *adaptation* of a postal network to quickly create an extensive banking network • change in implementation timeframes
Vision	• to identify the opportunity of establishing Kiwibank, and see that opportunity as viable • to connect people and see how core capabilities can be applied in other contexts
Growth	• both financial and non-financial • developmental growth through learning from experience, and developing expertise

Specifically, Table 6.1 highlights the elements central to strategic entrepreneurship based on the proposed framework in the first column, together with the application of those elements in the

context of Kiwibank. As such, each of the elements seems to be reinforced on a number of levels. The following section considers other aspects of the data which also emerge as important features of Kiwibank, and are considered broadly in the context of the proposed framework.

6.5.2 Key aspects of Kiwibank

Within the proposed framework, scope, operation, and function of strategic entrepreneurship (involving the application, integration, and change in balance of elements) are considered important features. As such, this section examines these issues in a general context, by focusing on aspects of Kiwibank which also emerge as significant features from the data.

a) Scope

An important feature of Kiwibank noted by Hogg (2004) is the profile of the organisation, and the benefit available to Kiwibank in leveraging from NZ Post's established infrastructure. While Hogg acknowledges the value of such a benefit, she also notes benefits of a similar nature are available to a number of smaller and non-government organisations attempting to establish themselves in New Zealand's banking industry. Specifically she refers to Superbank, a joint venture between St George Bank New Zealand Limited and supermarket chain Foodstuff group. Specifically, Hogg notes, implementation of such projects can be done independently by acquiring and developing the necessary resources, or in partnership with others to obtain the necessary resources. Thus, either approach may be a viable one. Essentially, Hogg attributes Kiwibank's success not specifically to the size or nature of NZ Post, but to the unique business model adopted for Kiwibank.

Hogg also raises the issue of that the establishment of Kiwibank by a government organisation may be viewed more as an obstacle than a specific or tailored opportunity. As a government organisation, NZ Post was widely criticised for undertaking a project which was perceived as high risk, unnecessary, and inappropriate for a SOE (Vaughan, 2005). Even after incorporation, the Organisation for Economic Co-operation and Development (OECD) commented that it was not an efficient use of public funds. Hence with respect to Kiwibank and NZ Post, both size and nature of the organisation do not seem to be factors which are directly related to strategic entrepreneurship.

b) Operation and function

Hogg (2004) refers to the development of Kiwibank evolving from an innovative idea to a commercial reality. As part of that development, Hogg also emphasises the various elements which have contributed to Kiwibank's establishment. Specific examples include the close relationship between opportunity identification and vision; identifying individual opportunities, and having the vision to do so at the appropriate time. Other examples include the close relationship between flexibility and growth (such that implementation timeframes were quickly adjusted to accommodate growth), acceptance of risk and vision (the ability to acknowledge risk, and the vision to employ measures which mitigate that risk). Thus, these elements seem at times so closely related that it is not possible to isolate individual elements from others, or draw a clear distinction between particular elements. Hence, it seems there is a close interrelationship, or interdependency between the core elements.

Certainly, the element of opportunity recognition seems a dominant one within Kiwibank, as a series of opportunities was identified for both the organisation and the employees, on a number of different levels (Hogg). While opportunity identification remains a strong theme, however, later comments by Hogg and Knowles indicate a more recent emphasis on flexibility and growth. Specifically Hogg refers to the need for flexibility to alter implementation timeframes. Knowles (in Vaughan, 2005) comments: "Building a bank is about growing at the rate we are for the next 20 years. It's not a short-term growth path." Such growth is perhaps a measure of the organisation's success in terms of NZ Post's strategy for a sustainable income stream, profits to be kept onshore, and customer satisfaction.

One final point raised by Hogg relates to the notion of competitive advantage arising from Kiwibank. Essentially Hogg contends the notion is a feasible one, dependent on how the organisation and operations continue to be managed in the future. While competitive advantage is not necessarily a clear and immediate outcome of Kiwibank, Hogg suggests such advantage has been realised through the establishment of a sustainable income stream and a New Zealand owned bank.

Thus, the case of Kiwibank offers further insight into the concept of strategic entrepreneurship, and the issues surrounding this concept. Similar to the previous case study, data relating to Kiwibank also provides insight into aspects of strategic entrepreneurship which are not addressed within the proposed framework. Such themes emerge from the data as important aspects of

Kiwibank and are therefore presented in the following section.

6.6 Examining Kiwibank: beyond the scope of the proposed framework

Based on a review of the data, various themes emerge in support of the proposed framework of strategic entrepreneurship. Further analysis of the data, however, also provides additional insight, by revealing a number of elements associated with Kiwibank, which were identified inductively, rather than addressed within the proposed framework. These elements may be broadly categorised under the headings of strategy, culture, and branding; each of which is considered below.

6.6.1 Strategy

The notion of a very *clear strategy* within NZ Post is presented in both the Annual Report for 2004, and during discussions with Hogg.

> This strong financial performance demonstrates that the strategy we began some years ago is delivering results. That strategy is about growth. We are growing our business by becoming customer driven, reinventing our processes, and creating a high performing culture (Allen, 2004, p. 6).

> One of the Post strategies was to leverage the capabilities of the core business (Hogg, 2004).

During the course of the interview however, Hogg also acknowledges that there is at times a mix of strategies both *deliberate and emergent* (Mintzberg & Waters, 1982). In particular, NZ Post's international consultancy services, which the company was requested to provide following opportunity identification outside the organisation. "We've been exporting our intellectual property and built a business around exporting that property since 1994. And we didn't actually set up a strategy to do that; it just happened" (Hogg).

Equally significant perhaps, is the notion that while strategic entrepreneurship may be driven by strategy, it may also shape future strategy as organisations learn from experience and success, gain an enhanced understanding of what the organisation's core capabilities are, and look for

opportunities which allow core capabilities to be applied in different ways, and built upon. Learning from experience is perhaps a reflection of the organisation's culture; a topic which is considered in further detail below.

6.6.2 Culture

While the data pertaining to Kiwibank and NZ Post do not directly address the notion of culture, further analysis reveals two particular elements which may be viewed as a reflection of the culture within NZ Post. These elements emerge as central to the organisation: confidence in the organisation's core capabilities, and a genuine emphasis on people.

a) Confidence

Belief in the organisation's core capabilities and an inner confidence in the organisation, emerge as a strong theme from the data. When discussing the elements central to achieving success within Kiwibank, Hogg (2004) comments:

> I think if you were talking to Chief Executive John Allen, he would say 'confidence'. You have to have belief, a strong belief that this is doable. We were absolutely bound by the belief and the shared vision that [the project team] could do something really exciting to dent the banking industry, and the banking market, and for New Zealand, and which would enable staff to do something they didn't have the scope to do in other [banking] organisations.

Thus, an element of self-assurance is seen as central to the organisation, such that new projects undertaken, and the risks associated with those projects, are perceived as manageable. A firm belief in NZ Post's core capabilities provides the organisation with the mindset and ability to both identify opportunities, and see those opportunities as viable.

b) People

The strong emphasis and genuine value placed upon people emerges from a range of data, and focuses on two aspects in particular: customers and staff. With respect to customers, NZ Post and Kiwibank project a genuine concern for both existing and potential customers; in the broadest sense, the people of New Zealand. The organisation is increasingly recognised as "the people's bank" (Vaughan, 2005), and during the course of the interview there is a strong sense of the organisation wanting to offer excellent services and "best value" (NZ Post, 2002) to all New Zealanders.

NZ Post sees its role as connecting all New Zealanders "from Kaitaia to Invercargill" (NZ Post, 2002). Having the resources to do so is a reflection of NZ Post's extensive infrastructure. Having a genuine concern to do so is a reflection of the organisation's culture. Reach is something the organisation seems to be proud of, and applying that reach to remote locations, is something NZ Post seems to sincerely care about; the importance of connecting New Zealanders, and offering them the networks to facilitate that connection.

> Our customers are at the centre of our plans. We are getting closer to them so that we can gain a better understanding of them. Only then can we truly deliver the products and service experience that they are looking for (Allen, 2004, p. 7).

Hogg also reinforces the importance of customers by inadvertently blurring the distinction between customer relationships and formal partnerships, often referring to customers as partners. Further probing during the discussion of an arrangement initially referred to as a partnership, reveals the legal relationship is actually a customer one. "Actually they're customers. They're customers with their [own] customers, so we're the middle man. Philosophically, they're partners" (Hogg). This perception is indicative of the very strong customer focus, and responsibility NZ Post assumes, to ensure it provides successful customer focused solutions which allow customers to achieve success in their own businesses (NZ Post, 2004).

With respect to staff, appreciation of and concern for people within the organisation also emerges as central to the organisation's culture.

> The rapid growth of Kiwibank has at times been challenging for our frontline staff. I acknowledge their dedication and that of the Kiwibank team, and their contribution. No organisation comes close to matching our human presence in the communities we serve. We are a people business. We value people and we aspire to make Post a great place to work. This is both a philosophy and a commercial choice. Our successful future depends on taking our people with us as we grow (Allen, 2004, p. 7).

This is further evidenced through staff satisfaction survey results exceeding target (50 per cent of staff rating satisfaction as "great" or "very great"), the introduction of a formal process for staff discussions on the challenges and opportunities NZ Post faces, and where the organisation is heading. "This process has demonstrated the tremendous spirit of Post people characterised by good ideas and great enthusiasm" (Allen, 2004, p. 9).

It is during discussions with Hogg (2004), however, that the importance of staff in a variety of contexts becomes a recurring theme. With respect to opportunity identification, Hogg notes such opportunities existed at both an organisational and individual level, and shows a genuine

enthusiasm for the opportunity offered to experienced bankers in the market to build a new bank. She refers very bluntly to the growth strategy as necessary not only to maintain the organisation's profitability, but also to "keep our people employed". And during the course of the initial interview, various stories unfold regarding the development of specific employees.

> We have a lot of people who have worked in the core processing business, who have at some stage turned into international consultants. One example is a woman from Christchurch in the business mail centre, who is also very good at the methods we have for protecting our revenue; a whole set of procedures. We got a contract to run the Trinidad and Tobago postal services, and one of their issues was that they were losing far too much money because their revenue protection activities weren't good enough. So who should we send to Trinidad and Tobago? Let's send Michelle, because she knows all about it. Well to hear her talk about it brings tears to my eyes. In their first five days of being there she had [identified] many process improvements which would save them approximately $9 million. And so imagine how she felt. And they just thought she was absolutely wonderful. It was a wonderful confidence boost. She didn't realise that what she does every day was sellable. We've had a lot of lovely stories about people going over, being part of a team, and making huge strides in their confidence (Hogg).

Hence a focus on people both external and internal is an important element of the culture within NZ Post.

6.6.3 Branding

One final theme which emerges from the data is the profile and branding of NZ Post. While Hogg (2004) notes that NZ Post has established itself as a New Zealand institution, a New Zealand icon, she also comments briefly on the use of other brand names as a deliberate strategy within the group. Kiwibank has of course, adopted its own brand, and will continue to do so. Transcend (formerly New Zealand Post International Limited) has been used as the brand which provides international consultancy services since 2000. "We have a belief that how you structure and govern the company is important" (Hogg). Hence, although Hogg notes the importance of "promoting [NZ Post's] name on the international stage" in the context of the global postal industry; the organisation also sees the benefit of establishing separate brands for variations or applications of its core capabilities in other contexts (e.g. consulting).

A summary of the later findings with respect to Kiwibank and NZ Post in general, is detailed in the table below. Specifically, Table 6.2 provides a summary of additional themes emerging from the case, which are beyond the scope of the proposed framework. Such themes may offer further

insight into strategic entrepreneurship as general construct, or more specifically into strategic entrepreneurship in a government context.

Table 6.2 Additional elements relevant to strategic entrepreneurship in the context of Kiwibank

Additional elements relevant to SE	Identification of element within Kiwibank
Strategy	- both *deliberate and emergent* - contributes to the success of Kiwibank and is influenced by it
Culture • confidence • people	- pride in its image as a NZ icon, and genuine concern to serve & connect New Zealanders - confidence in the organisation's *core capabilities* - strong focus on people including staff, customers, and the people of New Zealand
Branding	benefit identified in establishing separate brands for different applications of NZ Post's core capabilities (e.g. consulting)

6.7 Developments in Kiwibank

Approximately six months after the initial interview with Hogg, various changes and developments are evident within both NZ Post and Kiwibank. One such change is that Hogg has since left the organisation, but intends to have an ongoing relationship with NZ Post in the capacity of a consultant. Other changes include the announcement of Kiwibank's unaudited profit of $2.5 million for the six months ended 31 December 2004 (Birchfield, 2005), clear developments in competitive advantage, and wealth creation. These developments are considered in further detail below.

Ian Long, Senior Communications Manager of New Post reflects on the progress made by Kiwibank over the six month period ended June 2005 from a number of perspectives. Specifically Long (personal communication, 13 July 2005) notes the consistent increase in Kiwibank's customer base, totalling approximately 350,000 (compared to 250,000 at the time of the initial interview with Hogg). A clear emphasis on growth also emerges in other respects such as the installation of 250 automatic teller machines (a total of 300 are planned for the 2005 year), signing an eight year credit card processing contract with an American organisation (Newzindex, 2005), and the launch of Kiwibank's business banking services in January 2005 (Stride, 2005). Business banking operations have now been established in 21 towns throughout New Zealand, with another 21 towns planned for 2006.

The introduction of business banking is a significant step for Kiwibank, as Wayne Besant of ANZ suggests the small business market which Kiwibank is focusing on represents a large and entrepreneurial sector within New Zealand (Stride, 2005). Godfrey Boyce of KPMG, also notes that it is a market which other banks have previously ignored (Stride, 2005). Van den Bergh (2005, p. 5) reinforces this notion, commenting: "Kiwibank's entry into the small-business banking market has prompted its rivals to renew their focus on the previously neglected sector".

With respect to the issue of competitive advantage Long (2005) reinforces the views of Hogg six months earlier, noting such advantage has been realised both directly and indirectly. Specifically Long contends the sustainable income stream generated by Kiwibank has provided both financial security as well as further diversity for the NZ Post group. The provision of services genuinely targeted at a market previously overlooked, operating more branches than any other bank, and often being the only bank in particular towns, all contribute to that advantage (Long).

Final comments by Long relate to the issue of wealth creation. From a financial perspective Long suggests wealth has been created as Kiwibank's revenue now exceeds its expenses. "A maiden profit [is] a remarkable achievement for a bank only three years old" (Long). From a non-financial perspective, Long highlights the wealth of customers as an important feature of Kiwibank both now and in the future. Thus, it seems a relationship can be drawn between Kiwibank and wealth creation.

6.8 Summary of Kiwibank

This chapter has provided an overview of both NZ Post and Kiwibank, identifying relevant themes within and beyond the scope of the proposed framework of strategic entrepreneurship. Based on these findings, significant support has been established for the proposed framework, as well as revealing three additional themes: strategy, culture, and branding; which seem relevant to the establishment of Kiwibank, and thus strategic entrepreneurship. Further discussion of these issues is detailed in Chapter 8 following presentation of the third and final case study.

Chapter 7

7. Findings: Quotable Value case study

7.1 Introduction

Findings detailed in Chapters 5 and 6 examined strategic entrepreneurship in the context of two separate government organisations: MetService and New Zealand Post. This chapter adopts a similar approach by examining activity which may be viewed as both strategic and entrepreneurial in the context of Quotable Value. Accordingly, the following sections provide an overview of the organisation, before focusing on a particular activity which is considered both strategic and entrepreneurial. This activity is examined initially in the context of the proposed framework: fundamental elements, scope, operation, and function of strategic entrepreneurship; before examining elements or themes from the data which are beyond the scope of the proposed framework: strategy, culture, and branding.

7.2 Quotable Value

Quotable Value is New Zealand's largest valuation and property information organisation, with approximately 230 staff, and 22 offices throughout New Zealand. Established in 1998, the organisation has three divisions, each focused on a common goal: developing innovative products and services with the use of mass property data (Quotable Value, 2003). Specifically, Quotable Value's three divisions include QV Valuations, QV Rating and Taxation, and QV Online. QV Valuations provides market valuations for residential, rural, commercial, and industrial properties throughout New Zealand. QV Rating and Taxation provides ratings valuations for local authorities. QV Online sources databases and provides property related data such as sales information, hazard reports, demographics, and current market value assessments (Quotable Value, 2005).

While the organisation's core market is currently within New Zealand, Quotable Value has expanded its operations both in New Zealand and abroad, to build on its existing business activity and establish a pathway for further growth (Quotable Value, 2003). The following sections provide an overview of Quotable Value's operations, and then examine one activity in particular:

E-Valuer, which reflects the organisation's search for activities both entrepreneurial and strategic, as part of its growth strategy.

7.3   Overview of Quotable Value

Similar to MetService and New Zealand Post, Quotable Value is a government organisation with a strong commercial focus.   Following the restructuring of New Zealand's government departments in the 1980s, the organisation formerly known as Valuation New Zealand was incorporated as a crown entity in July 1998 as Quotable Value Limited (Morrison, 1999), and subsequently made accountable for its commercial activities and results. With the introduction of the Crown Entities Act 2004, the status of the organisation was subsequently amended to a SOE, consistent with its commercial focus. Steve Langridge, General Manager of QV Online notes "part of our legislative requirement was to provide a commercial return on the assets that the government invested in this business" (Langridge, personal communication, 23 February 2005a).

As a government department, Valuation New Zealand's main business operations involved the provision of government valuation services to local councils within the 74 territorial authorities throughout New Zealand.   Essentially these valuations were provided to territorial authorities on a fee for service basis, and used by the various councils for the purposes of determining local council rates. With the deregulation of New Zealand's valuation industry, responsibility for and ownership of property valuation data was assumed by the relevant councils, and Quotable Value was forced to operate in a competitive market.

An initial consequence of that deregulation was the significant reduction in Quotable Value's revenue. Langridge describes the situation as follows:

> Effectively over that period, QV's revenue from rating and valuation work halved over the space of a three year cycle. That was pretty much 90 per cent of Valuation New Zealand's revenue. So we went from a point of having revenues in the vicinity of $26 million from that business, halving over time.

Langridge notes the implications for ratepayers and the councils of New Zealand was significantly positive.   "The ratepayers of New Zealand and effectively the councils were paying half the amount they [paid] previously, to get the same service". The implications for Quotable Value

however, were markedly different. Maintaining historical cost structures and staffing levels during a period of decreasing business activity meant substantial changes were required within the organisation. "There needed to be some fairly innovative ways of replacing that lost revenue to ensure that we didn't [lose] all of our staff as well; making sure that we survived" (Langridge).

In an effort to address the situation, Quotable Value looked for opportunities both within the organisation and within the market to identify additional income streams. One such opportunity was the provision of data maintenance services to the individual councils.

> A lot of those councils are not resource-rich and, particularly in some of the more rural and smaller areas, they don't have the technology or the investment capability to automatically create an IT system which will maintain a very robust data service. Thus, one of the decisions which we made was to effectively offer services back to the councils whereby we would hold and maintain the data for them. So the scope of our services evolved from that. We went to them, brought back a copy of the data, but we also offered to contractually manage the maintenance of that data. So we utilised the system that we were building for ourselves, to build also for them; to house and store and maintain their data (Langridge).

Hence, offering those services was one of several entrepreneurial and strategic opportunities identified by Quotable Value. Other activities of a similar nature include the provision of property data through Infobase on Quotable Value's website, which provides information on every property in New Zealand. Quotable Value's mapping services is another example, which provides property information by way of graphics data for the region in which a property is located, detailing for example the closest school, hospital, and other pubic services, even for rural properties within New Zealand which have a rural delivery (RD) code rather than a formal street address (e.g. RD 2 Hokitika). A brief definition and description of the terms relevant to Quotable Value's operations is detailed in Appendix K.

The steady increase in services, customers, and revenue is perhaps indicative of Quotable Value's success as a service provider within the valuation industry. The organisation announced its maiden profit of $818,000 in the year ended 30 June 1989, it's first year of incorporation (Scoop, 1999). This result was approximately $1 million more than expected, and attributed largely to Quotable Value's expedient restructuring (Morrison, 1999). "Since then, the company has moved a long way in a short time", particularly in terms of its use of technology, notes Pullar-Strecker (2002, para. 3). Specifically the operations of Quotable Value are referred to as "innovative web-based e-business services"; with "new hi-tech revenue streams built on the twin pillars of IT and marketing"; a SOE with "an increasingly outward focus" and "a young feel to it"

(Pullar-Strecker, 2002, para. 5).

Quotable Value has continued to generate solid financial results. Net profit after tax for 2003 totalled $2.426 million[2]; $2.2 million of which was returned to the government by way of dividends. Net profit after tax for 2004 totalled $632,000; $488,000 of which was paid to the government in dividends. Despite this success, the organisation is not without criticism. Various individuals and organisations have referred to Quotable Value's government valuations as confusing (Johnson, 2005) and inadequate (Collett, 2000; Davidson, 2001). During the 2000 government valuation process in the Nelson-Marlborough region, almost 100 objections were lodged by ratepayers in response to the valuations (Collett, 2000). Thus, despite Quotable Value's progress and recognition, opportunities for further development remain.

One project in particular which is assisting Quotable Value with its growth focused strategy is E-Valuer. Essentially E-Valuer combines information technology with a professional valuation methodology, such that internet users can log-on to Quotable Value's website and obtain immediate and current valuations of any property within New Zealand. The introduction of E-Valuer serves a number of purposes. Firstly it represents a creative and innovative product which provides an additional income stream for Quotable Value. Further, it assists the organisation in capturing new target markets, thereby expanding its customer base, and increasing the organisation's profile. Lastly, it is consistent with the organisation's overall strategy to grow the business by leveraging from its existing resources, such that Quotable Value continues to be New Zealand's largest valuations provider. Hence the development and implementation of E-Valuer may be viewed as both entrepreneurial and strategic: identifying the opportunity to combine existing resources and core capabilities with innovation and vision, effectively facilitating growth.

While other projects may have been available to Quotable Value, such activities may not necessarily have incorporated the entrepreneurial and strategic focus, combining elements such as innovation, growth, and vision; which are characteristic of E-Valuer. Thus the nature of the activity may be recognised as both strategic and entrepreneurial. This activity and the issues which surround its development and implementation are the focus of further examination in the following section.

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[2] Net profit after tax for 2003 included non-operating gains on the sale of shares in an associated company.

7.4 Overview of strategic entrepreneurship in practice: E-valuer

E-Valuer is referred to by Langridge (2005a) as "one of the more interesting elements of our online system, because it's doing more than just returning some basic data. It's taking a professional methodology, and creating an online service which replicates [that methodology]."

> You [can] search on properties, find an address, and ask for an E-Valuer on that property. By clicking on E-Valuer and paying $29.95, it instantly returns back a report. That report gives you some basic details on the property (e.g. size, age, floor area, etc.). What it then does is go into our database and rank other property sales that have occurred in a similar area, or within certain boundaries, so it uses a range of parameters to determine "comparable sales"; which is effectively what a valuer is doing when they are settling a value.

As noted by Shane O'Brien (in Bleakey, 2005), president of the Real Estate Institute for the Canterbury-Westland district, the booming property market in New Zealand has resulted in people becoming information hungry, and websites such as Quotable Value's feed that hunger.

The history and background to E-Valuer is described by Langridge (2005a) as follows:

> Access to property information has historically always been available to customers of Valuation New Zealand. Since 1988, we've taken [that information and] delivered it across the internet and created it as an opportunity for the public of New Zealand to gain access to property information on any house or property they're buying or selling.

Traditionally customers of Valuation New Zealand included large organisations such as banks and real estate companies, which needed expensive computer equipment and a dedicated line to establish online access.

> At the time [Quotable Value] took over, we made the decision to move that information across to the internet; to have online access. So at a general level we've extended that information beyond its traditional market, to a much broader market (Langridge).

By extending that information, Quotable Value has also extended its revenue, growth, customer market, and its profile within New Zealand and potentially its profile abroad.

> It was introduced in 1999 and has been significantly growing in volume. We've just had the first month ever where our revenue from the more traditional customers was overtaken by revenue from effectively the general public of New Zealand (Langridge).

The opportunity to establish E-Valuer extended from Quotable Value's earlier strategy to maintain valuation data on behalf of the local councils.

> That's part of what QV's decision was [in 1998]. It's about maintaining contracts to keep

a central New Zealand database on property maintained; so that we can keep one database available, and create statistics on what's happening in the New Zealand property market (Langridge).

Langridge notes the limited business scope within Quotable Value's traditional government valuation services. "There's only 74 councils, and you can't really grow beyond that". Consequently the organisation looked at other markets in New Zealand.

Traditionally our valuers had only worked on ratings valuations, but there were a lot of other valuers who worked in individual property and asset revaluation; valuers who work on residential valuations, commercial valuations, across a whole range of services. That business struggled to get off the ground initially, but now close to a quarter of the company's revenue comes from pure valuation work out in the open market (Langridge).

Quotable Value also considered non-traditional market segments within New Zealand. One such market was small or individual property investors and home owners throughout New Zealand, at which E-Valuer is targeted. While similar services are available from professional valuers and real estate agents, a key feature of E-Valuer is the convenience and affordability of the service.

Langridge explains that E-Valuer does not intend to replicate professional valuation services by registered valuers.

We're not saying that E-Valuer is as good as a full market valuation. We still sell registered valuations at $400. But an E-Valuer service fits and suits a certain need in the market. If you're looking at a property and are interested, you can quickly and relatively cheaply find out where it is in the price bracket. If you're thinking about putting your property on the market, you can relatively quickly find out an approximate [value]. So for $30 it can give you a much fairer indicator of what the property's worth.

There may be other elements which specifically impact on an individual property which E-Valuer won't take account of, unless the other properties directly around it already reflect those issues, or the value implications have already been recognised. But it's giving a first and I guess a pretty sharp indicator of the property value. If you were looking to sell your property, what could you expect to get for it, without paying $400 [for a valuation] to get a definite price?(Langridge).

Given the increasing popularity of E-Valuer, arguably the project has established significant benefits for the organisation to date, with potential for further benefits in the future. Thus, the above overview provides a basic understanding of such benefits, as well as a brief overview of E-Valuer; a project which by its nature, can be recognised as being at the intersection of entrepreneurship and strategy. The following section examines E-Valuer in further detail by identifying elements central to the online service primarily in the context of the proposed framework, as well as considering additional elements or themes which emerge from the data,

but are beyond the scope of the proposed framework. Lastly, developments over a six month period are examined, based on findings from the second phase of data collection.

7.5 Examining E-valuer in the context of the proposed framework

Returning to the theoretical framework of strategic entrepreneurship, the propositions detailed in Chapter 3 are now reconsidered in a practical context, by examining the data relevant to E-Valuer in particular, and Quotable Value in general. Throughout this section, themes identified from a practical perspective are identified and highlighted. Such themes will later be compared with findings from the literature review (Chapter 2) and previous two case studies (Chapters 5 and 6), to form the basis of the discussion presented in Chapter 8.

7.5.1 Core elements of strategic entrepreneurship

Based on the data collected and examined in the initial phase of this study, various elements and themes emerge as central to E-Valuer. Each of these themes is considered under the relevant headings below. Consistent with the previous two case studies, where appropriate direct quotes have been used to provide access to primary data and preserve the nature of that data, such that readers may make their own interpretations and form their own conclusions.

a) Opportunity identification

The concept of opportunity identification is both strong and recurring within Quotable Value and E-Valuer. From Quotable Value's early operations, the awareness of strategic and entrepreneurial opportunity is clear. As the organisation became aware of the necessity to identify additional income streams, one of the first steps taken was to offer data maintenance services to the local councils, such that Quotable Value could earn revenue through fees from this maintenance service, while at the same time establish a complete and consistent dataset from which other services could later be provided.

> That's the beauty of this type of data; it has so much more value when it is usable; when it's not broken down. As soon as it breaks down, inconsistencies come in, formats get changed, different organisations go in different directions (Langridge, 2005a).

Thus, by contracting with each of the local councils, Quotable Value ensured consistency across

74 datasets.

This initial opportunity of maintaining property data on behalf of local councils subsequently led to the release of that information via Quotable Value's website, and further income streams for the organisation.

> For $2.95 you can jump onto our system and find out [a range of basic data about any property in New Zealand]. So if you're wanting to make sure that for the property you're looking at, you're seeking to pay a fair price, that information is now available (Langridge).

Thus, a further opportunity was the use of the internet to make that data available.

> Clearly there was a *financial opportunity* for us to get that data out in a way which is useful to members of the public who had been willing to pay a fair price. So what we're doing is seeing the opportunity in terms of this data and the development in the internet. Our opportunity here is to change the platform under which this data has been available; to better inform the public of New Zealand in their property decisions, while making a return on that information (Langridge).

With respect to the New Zealand public, Langridge notes E-Valuer provides them with the opportunity to make more informed decisions "about what's generally the largest purchase decision of their life". While similar information may be available from real estate agents, Langridge highlights the personal interest of real estate agents in valuing a property and communicating that information to various stakeholders.

> Traditionally buyers believe real estate agents are working on behalf of sellers, and sellers believe that real estate agents are trying to get the fastest profit. So there's a degree of scepticism. What we're doing is providing a mechanism whereby rather than paying $400 for a valuation, you can get a degree of independent reassurance on the value of your property at a much lower cost (Langridge).

Mike Hyde, product manager of Quotable Value, supports this notion, attributing the popularity of the Quotable Value website to the independent nature of the information.

From the organisation's perspective, E-Valuer is particularly important as it assists Quotable Value to access another target market, and increase their profile. While Quotable Value acknowledges the importance of this opportunity internally, the external opportunities presented by E-Valuer are equally emphasised. In particular, Langridge repeatedly refers to the *social value* and *environmental importance* of E-Valuer for other stakeholders, such as the people of New Zealand.

> We've got a core dataset which includes all property in New Zealand listed with a great degree of detail. There are ways that this data can work for organisations throughout

New Zealand and for all the general public. Hazard risk matched to an individual property for example, is one detail which benefits almost everyone. It's much better if that information is known, and in the planning circles, that decisions are made reflecting those hazards, rather than it being buried. So there's a whole range of reasons why making data more widely available is in essence, in everyone's best interest (Langridge).

Thus opportunity identification is a recurring theme for both E-Valuer in particular and Quotable Value in general. Opportunities are identified on a number of levels, including individuals within New Zealand, Quotable Value itself, and local councils. The nature of such opportunities include financial (revenue for Quotable Value), social and economic (more stable and efficient property markets, through informed decision-making by individual investors), and environmental (local government planning around natural risk and hazard data which affects property related decisions and developments).

Arguably the strength of E-Valuer lies in the series of opportunities, or *cumulative opportunities*, identified by Quotable Value, beginning with the maintenance of a complete property dataset. An extension of this cumulative opportunity notion is the *future opportunities* not yet realised.

There's potential for us to take that tool [E-Valuer] offshore. E-Valuer [does] not exist anywhere else in the world. The key driver to that offshore expansion however, is all the work which has to be done: basic property information necessary for the database (Langridge).

As noted by Langridge, few countries have centralised property information within a state, let alone an entire country. In Australia for example, New South Wales is the only state or territory with centralised property data. Thus Quotable Value sees the Australian market as an important *opportunity for growth.*

Similar opportunities for the future also rest with other government departments and services. "There are elements of how our data ought to be used which are potentially incredibly positive" (Langridge). The Ministry of Health for example, are currently looking at the impact of low income housing on health. Other government and emergency services have also identified important uses for the data within their own operations.

Langridge also notes the important opportunity E-Valuer presents both for the profile of the on-line service and the organisation as a whole. "It's fair to say that E-Valuer is not commonly known in New Zealand, let alone offshore". Thus the potential to raise these profiles is viewed as a "huge opportunity" by Langridge, who acknowledges limited advertising has been undertaken

by Quotable Value due to the costs involved, and the relatively modest profits of the organisation in recent years.

> With profits of only a couple of million dollars a year that's not a lot of extra cash to drive marketing activity. Branding [or advertising] tends to be more of a longer term objective and we're working our way into that (Langridge).

With respect to the identification of such opportunities, Langridge notes that many of Quotable Value's business opportunities are *identified within* the organisation. He does, however, acknowledge that opportunities are *also identified outside* the organisation:

> By different people we've been working with in the market who have used our data in a certain way, and come to us seeking to use it in another way. So there's another opportunity; getting the data out there used in multiple or different ways, helps to expose other opportunities for [clients].

Thus, the opportunities identified have both a strong entrepreneurial and strategic focus. One aspect touched upon within opportunity identification is the element of innovation: combining data and technology to develop creative and unique property information services. This notion is explored in further detail below.

b) Innovation

Langridge (2005a) refers to E-Valuer as "one of the more interesting elements of our online system because it's doing more than just returning some basic data. It's taking a professional methodology, [and] creating an online service which replicates it".

Langridge's references to "changing the platform" of information delivery, "marrying not only the delivery of data via internet technology, but also passing on professional knowledge within the core business"; is perhaps a modest reflection of the innovation within E-Valuer. Certainly the combination of information technology and the professional skills of valuers within Quotable Value creates a unique and value added service.

> We haven't found anyone who offers similar information as comprehensively as we have. There are websites in the UK and Australia which deliver information and estimates based on statistical modelling of particular activity within that postcode area; but not specific to your individual property" (Langridge).

With respect to the organisation as a whole, Quotable Value's mapping services are perhaps a similar reflection of the innovation which the organisation seems to focus upon: taking a specific dataset and manipulating or applying it in different ways to create new products and services.

Hence innovation is a recurring theme within both E-Valuer and Quotable Value. Such innovation may be viewed as *customer-focused*; certainly it is targeted at new or not yet established markets such as individuals and small property investors.

Essentially such innovation involves the *transfer and application* of existing or core *knowledge and skills* (a combination of complete property data and professional valuation skills) to create new products and services in new markets. Such products are both creative in nature and flexible in their cost structure, availability, and use. Thus, the notions of both innovation and flexibility are directly relevant to E-Valuer. In particular, flexibility is considered in further detail under the relevant heading below, following an analysis of risk acceptance.

c) Acceptance of risk

The notion of risk also emerges as a key theme within the data. Such risk includes substitution risk, business competitor risk, and operational risk, each of which is considered below.

As noted above, the introduction of a low cost online valuation tool was new to the valuation industry. Accordingly, while it provided the opportunity to capture a new market of small and individual property investors, it also provided an alternative to higher cost professional valuations which Quotable Value has traditionally provided to larger organisations. Accordingly, Langridge acknowledges "there is an element of risk in as much as we have lost some of our other business which traditionally sold full market valuations at a price level of $300-$500".

Langridge also notes the resistance from competitors who objected to E-Valuer. "You can't just automate this process and get a good result", was essentially the main concern of competitors, recalls Langridge. As detailed previously however, the intention of E-Valuer is not to replicate valuations, but rather to provide a low cost alternative to professional valuations; one that "fits and suits a certain market" (Langridge). The importance of this market encompasses both revenue and profile for Quotable Value. Thus Langridge accepts that essentially "there are opportunities and risks, but the opportunities are outweighed by the risks".

One further risk identified by Langridge is *operational risk*. "We also need to retain a complete set of sales information; to have a process of keeping it up to date, otherwise [E-Valuer's] only as good as the sales information it's got".

With respect to managing these risks, Langridge notes Quotable Value actively monitors services substitution.

> We can see that for some of our important clients, they have changed from one service to another [E-Valuer]. But statistics did show the activity in the market was strong for E-Valuer. Revenues are essentially increasing, sales volumes are increasing.

Similarly contracts and relationships with local councils are being maintained (Quotable Value, 2003). Thus, *evaluation and management of risk* emerges as a key theme within the data.

d) Flexibility

The notion of flexibility is a subtle but recurring theme within the data pertaining to E-Valuer. Specifically, Quotable Value had established a core capability and strategic resource: professional valuation skills and an updated dataset on every property within New Zealand. As such, the organisation looked to apply flexibility to that capability and resource, such that related products and services could be developed to establish a sustainable income stream for the organisation.

Thus a flexible approach to accessing, communicating, and manipulating the data were both required and achieved. A flexible approach is also evidenced through Quotable Value's strategy, first in offering data maintenance services to the 74 territorial authorities, and secondly in purchasing that data from territorial authorities where Quotable Value's maintenance services were not required. Hence flexibility becomes a subtle yet central theme.

Flexibility also emerges in the different forms of data communication, ranging from text reports to visual mapping, historical records such as recent sales in the area, to updated valuation estimates or projections produced online. Thus flexibility is an important feature within the vision or strategy of Quotable Value.

A further aspect of flexibility emerges in the context of Quotable Value's staff and working environment. In particular, the organisation's Annual Report for 2003 emphasises the importance of staff, detailing profiles of various individuals, and highlighting steps taken by the organisation to help staff establish and maintain a work-life balance. Specifically Langridge refers to a number of initiatives employed by Quotable Value to establish a flexible work environment, such as staff working from home several days per week. This emphasis on staff is examined in further detail under the heading of "People", in the following section.

e) Vision

Similar to flexibility, the notion of vision is also a subtle but emerging theme within the data. An entrepreneurial and strategic vision within Quotable Value emerges from its very early operations as a newly established crown entity: acquiring a complete property dataset, offering services to maintain that data, or alternatively purchasing the data where necessary. Such data was then used and applied in different ways to create a number of future income streams, such as the sale of raw data to competitors and the public, as well as the application of valuation methodologies to create value added services. Thus the introduction of E-Valuer represents one element within the broader vision adopted by Quotable Value to provide useful, innovative, and value added property data services to the general public; while returning a profit for the organisation.

With respect to the availability of Quotable Value's property data, Langridge emphasises the strategic and entrepreneurial decision to wholesale the property data to competitors, on the basis that not sharing the information would have resulted in direct competition with other organisations to secure contracts with local councils. "New Zealand's too small a market often to not co-operate". Not sharing, Langridge argues, would have made Quotable Value more vulnerable to competition.

> The other thing is, with that it's not just to protect our position. Different businesses have different skills and expertise; they can service one market better. We don't have to try to do everything with the information we've got.

Thus, Quotable Value's vision extends to both a vision of specific business activity it intends to be involved in, as well as business activity which it deliberately intends to avoid. Hence an entrepreneurial and strategic vision emerges from the data, which considers *financial* and *strategic* elements for Quotable Value internally, as well as *customer services* elements from the perspective of both the *general public* of New Zealand and *competitors,* externally. This awareness of the general public is considered in further detail in Section 7.6.2 under the heading of "People".

With respect to the organisation's formal vision, Chief Executive Bill Osborne (2003, p. 5) refers to Quotable Value's vision as follows: "To be an organisation that responds rapidly to customer needs, taking valuation and property information services to new frontiers". Hence the notions of innovation and customer focus are reinforced.

One final aspect to be noted in the context of vision is the shared or participative nature of this

construct within Quotable Value. In particular, Osborne (2003, p. 4) refers to Quotable Value's first national staff conference in November 2002 as a "celebration of past achievements as well as an opportunity to develop vision and goals for future success". Thus the notion of a *shared vision* adopted throughout the organisation is viewed as important by Quotable Value. Osborne's (2004, p.4) later comments reinforce this by expressing "heartfelt thanks to all the people of Quotable Value for their commitment and loyalty. Quotable Value's continued success is a direct result of your efforts." Hence vision emerges as a central theme on a number of different levels.

f) Growth

With respect to both Quotable Value in general and E-Valuer in particular, the final element of the proposed framework: growth, emerges as a central theme from the data. From the time of incorporation as a crown entity and the adoption of a commercial focus, Quotable Value has shown a conscious awareness of growth. Such growth is evident in the context of revenue and profits, growth in the range and scope of services, as well as organisational growth through the development and maturity of the business. Each of these aspects is considered briefly below.

Specifically growth in a financial context was necessary under both government legislation, and from the viewpoint of maintaining job security for the staff of Quotable Value. Once established, financial growth also enabled expansion in the scope and range of services. Future growth in profits Langridge notes will provide opportunities for further promotional, advertising, and staff training activity. Thus financial growth is closely related to the development and maturity of the organisation.

Growth in the range and scope services is evident through the introduction of services such as E-Valuer and mapping; as well as opportunities taken to provide services overseas. As noted by Langridge, a limited number of councils in New Zealand results in restricted scope for New Zealand based services.

> There's only 74 councils in New Zealand and you can't really grow beyond that. So we've moved into Australia and we've been doing a number of different council areas' rating valuation work in New South Wales. We do the Sydney CBD work; we're the valuation and rating provider in New South Wales for about 12 per cent of the market. So that's a way of protecting our future by growing into a bigger market. Australia is an opportunity for growth (Langridge, 2005a).

This notion of growth in both scope and development of services is further reinforced through the comments of both Kay McKelvie, Chair of Quotable Value's Board of directors, and Osborne.

> Being in Australia gives us access to a much larger market, with the consequent economies of scale (McKelvie, 2004, p. 3);

> The technological advancements that we have made in our systems have enabled us to improve both the design and speed of the services we offer to market (Osborne, 2004, p. 4).

A further aspect of growth is the development and maturity of the organisation. Langridge (2005a) notes the importance of increasing the organisation's profile, but also raises the need for "a financial base to enable investment in that side of the business. And with profits of only a couple of million dollars a year, that's not a lot of extra cash to drive marketing activity". Development within the organisation has however, allowed Quotable Value to identify a number of promotional opportunities which are both high profile and cost-effective. Such activities include sponsoring the New Zealand television programme "Hot Property" whereby an employee of Quotable Value appears on the programme to value a property available for sale both before and after renovation, publication of a monthly property update, and regular presentation of property indices and graphics in newspapers. Future plans include involvement in a regular newspaper feature to be published in the New Zealand Herald, whereby Quotable Value's property valuations are compared with actual sale prices from the previous weekend's auctions. Each of these activities is focused on growing Quotable Value's reputation and public image, and seems a cost-effective alternative to traditional advertising.

Similar investments in staff conferences which are also planned for the future indicate growth in business development and maturity from an internal perspective. "One of the things we did in November 2002 was hold the first ever nationwide conference" (Langridge). Langridge refers to the event as a highly successful one:

> We had the most motivating time. Everyone who went [approximately 180 of the 230 staff] was so positive around the opportunity to catch up and meet with staff, many of whom they'd been working with for 20 years but had never met, other than across telephone lines.

Hence, plans to hold a similar conference in the near future once specific but achievable revenue targets are met is indicative of the organisation's future growth and development, as well as growth in the context of internal satisfaction and reward.

Thus, based on the data pertaining to both E-Valuer and Quotable Value, clear themes emerge which provide insight into E-Valuer as a project which is both entrepreneurial and strategic, as well as significant support for the proposed framework of strategic entrepreneurship. These

themes are summarised in Table 7.1 below.

Table 7.1   Proposed framework of strategic entrepreneurship in the context of E-Valuer

Proposed element of SE	Application/relevance of element to E-Valuer
Opportunity identification	• identification of strategic resources and *core capabilities,* and leveraging from those resources/capabilities • opportunities identified by people both inside and outside the organisation • *cumulative opportunities* led to development of E-Valuer, reflecting QV's technical skills and *customer focus*
Innovation	• creativity balanced with practical, useful, and customer focused solutions "applied innovation" • *transfer and application* of knowledge • creative and flexible online service
Acceptance of risk	• risk *evaluated* and viewed as *manageable* • substitution risk monitored, business competitor risk and operational risk managed
Flexibility	• flexibility to transfer and apply knowledge to new markets, products etc. • flexibility within core capabilities to apply existing knowledge in new domains • flexibility within the organisation's vision to identify opportunities consistent with QV's focus on growth
Vision	• clear vision of QV's core business activities, and the activities in which it does not want to engage • vision to *transform creative ideas* into innovative, useful products • clear vision of future growth through customer focus and flexible approach
Growth	• growth in *financial* and non-financial terms • revenue, profit, wealth, products, innovations, customer base, organisational profile • reputation, recognition, internal satisfaction • at an organisational level, *developmental* growth through maturity

Specifically the first column of Table 7.1 summaries the elements considered central to strategic entrepreneurship based on the proposed framework (see Chapter 3).   The application or relevance of those elements to E-Valuer is detailed in the second column.

7.5.2 Key aspects of E-Valuer

Within the proposed framework of strategic entrepreneurship a number of issues are considered to be important features.   In particular, scope (application of strategic entrepreneurship), operation (integration of core elements), and function (change in balance of those elements over time) were specifically addressed.   As such, this section examines issues which are broadly relevant to these issues, and have emerged from the data as important themes.

a) Scope

During the course of the initial interview, Langridge (2005a) notes that activities and opportunities such as E-Valuer, identified by Quotable Value were available to other businesses, regardless of their size or form. Essentially what emerges as central to the activity of E-Valuer is the entrepreneurial idea, and the strategic implementation of that idea; acting on opportunities which are both entrepreneurial and strategic in nature. Thus, with respect to Quotable Value, no such emphasis or distinction between being a large versus small organisation; government or non-government, seems relevant to E-Valuer. In particular Langridge notes "anybody has the opportunity to go out and recreate the dataset that QV has built". Alternatively the dataset may be acquired by competitors, rather than recreated. "We've chosen to wholesale that information out to our competitors so that they use the same information".

With respect to the issue of being a government organisation, and in particular a SOE, this is also not viewed as directly relevant to E-Valuer by Langridge. Competitors in the industry are both public and private organisations. The transfer from a crown entity to a SOE in 2005 is effectively viewed by Langridge as an administrative one. "It has changed some of the reporting structures and roles, but the reality is we've been operating with a commercial focus from 1998. And it was very much in a deregulated market" (Langridge). Thus, in the context of Quotable Value it seems the adoption of a commercial focus, or more specifically an entrepreneurial and strategic focus rather than the size and form of the business is relevant to E-Valuer, and thus strategic entrepreneurship.

Reflecting on the progress and operations of Quotable Value in general, Langridge comments "it's a good model of where de-regulation works". Staff levels have now increased, growth and profits are being sustained, and with respect to the organisation's traditional business activity, 63 out of 74 council contracts have been retained. "It is a comfortable position for us" (Langridge).

b) Operation and function

With respect to the elements identified as central to E-Valuer, Langridge's comments indicate a clear relationship between the various elements exists. By way of example, Langridge refers to the need for growth, and E-Valuer as one such opportunity for growth. Examination of the elements central to E-Valuer also identified the combination of innovation and flexibility as fundamental to create an instant online valuation service. Further elements of flexibility and vision were noted as combined, enabling Quotable Value to identify a range of opportunities

which were consistent with that vision. Hence the interrelated and interdependent nature of these constructs emerges.

A further theme which begins to emerge as relevant to the success of E-Valuer is the balance of these elements. While growth emerges as a dominant theme from Langridge's comments, the combination and balance of opportunity identification, innovation, and flexibility, particularly in the early stages of E-Valuer's development; seem essential to achieve this growth. Thus, the changing emphasis and balance of these elements over time begins to emerge.

Final comments raised by Langridge relate to the notion of competitive advantage and its relationship with E-Valuer. Langridge is confident such a relationship exists. "Nobody else has an automated tool that enables people to get an estimate of their property's value." Thus Langridge contends the combination of technology and professional valuation skills, "delivering that [information] in a different way gives us a competitive advantage". Langridge continues to note the relevance of competitive advantage to E-Valuer in the future, once more people are aware of the service: "We're continuing to work on it; growing the awareness" to further build on that competitive advantage.

Essentially such competitive advantage seems dependant on activity within both the internal and external environment. This notion is reinforced by Osborne (2004, p. 4) who notes:

> Externally we were aided by a strong and buoyant property market. This booming market did assist with our performance for the year but it was the superior performance by the Quotable Value team that enabled us to take full advantage of this environment.

Hence the importance of both the internal and external environment emerges as central to E-Valuer and thus, strategic entrepreneurship. This notion is further reinforced through the proposed changes to New Zealand's Privacy Act in 2001, which if passed as law, would effectively have prevented organisations such as Quotable Value from expanding their operations offshore (Hosking, 2001). Specifically the proposed changes, consistent with European Union guidelines, prevented the transfer of personal information (including property related data) across borders. Following submissions by various organisations such as Quotable Value, who contended that the proposed amendments were both unnecessary and unfair, the legislation was not passed. Thus, changes in the external environment, and adapting or responding to those changes accordingly, becomes both an important and influential aspect of establishing ongoing success.

Hence, based on the above findings, the case of E-Valuer provides significant insight and further support for the proposed theoretical framework. Further examination of the data however, also reveals a number of themes associated with strategic entrepreneurship which were not addressed as part of the proposed framework. These themes are considered under the headings of strategy, culture, and branding; and are examined in further detail in the following section.

7.6 Examining E-valuer: beyond the scope of the proposed framework

As noted in the previous section, review of the data relating to E-Valuer reveals extensive support for the theoretical framework presented in Chapter 3. Returning to Chapter 4 however, it was noted that data analysis is essentially an iterative process. Thus, through repeated review and analysis of the data, additional themes also emerged inductively as relevant to strategic entrepreneurship. Such themes have been broadly categorised under the headings of strategy, culture, and branding; and are considered under the relevant headings below.

7.6.1 Strategy

The construct of strategy in the context of Quotable Value is examined primarily for comparative purposes, on the basis that specific findings on the topic of strategy emerged from the previous two case studies. In contrast however, no such findings emerge from the data pertaining to Quotable Value, other than to note that Quotable Value's strategy seems to be one focused on growth (Quotable Value, 2004). Specifically McKelvie (2004, p. 3) refers to "establishing systems and building capacity"; Osborne (2004, p. 5) emphasises "advancing technology, improving the design and speed of services". Thus an emphasis on growth in the context of internal development emerges as a strong theme.

Examination of Quotable Value's operations since 1998 also provides evidence of strategic direction, strategic planning, and strategic leverage within Quotable Value. In particular these constructs are reflected in Quotable Value's actions to establish and maintain a complete dataset, making that data available via the internet, and combining innovation and knowledge to create value added services using that data. Thus, a *planned* approach to strategy (Mintzberg &

Waters, 1985) is evident within Quotable Value.

As part of the organisation's growth strategy, an important aspect to be managed is the culture of the organisation (Langridge, 2005a). The notion of culture and the process of culture management within Quotable Value are considered in further detail below.

7.6.2 Culture

Within Quotable Value the notion of culture gradually emerges as one which is both challenging and rewarding. In particular, the organisation's Annual Report for 2003 projects "energy" as a central theme. Specifically Richard Westlake (2003, p. 3), then Chair of Quotable Value's Board of Directors, notes "the Board has set some ambitious targets for the coming year, and we believe our people are equal to the task". Similarly, there are repeated references to "the efforts of our capable and committed people who have taken on an enormous workload" (Westlake, 2003, p. 3); a willingness to take on new challenges (Osborne, 2003). Profiles on individual employees such as Rob Smithers, Lee Cochran, and Muriel Powles (in Quotable Value, 2003), also reinforce the notion of long hours and rewarding results, challenging workloads combined with flexibility, as characteristic of Quotable Value's culture.

As noted by Osborne (2003), Quotable Value has experienced a significant change in culture since undertaking a commercial focus as part of New Zealand's government reforms.

> Since 1998 QV has undergone a dramatic shift in culture. Despite the strong competition our people have adapted with enthusiasm to the changes. It's meant new working styles and increased levels of productivity, but we've all risen to the challenge. Our re-energised culture has enabled QV to meet market demand and to face the many challenges put before us. (Osborne, 2003, p. 4)

Thus within this culture there is a strong emphasis on people: the energy, enthusiasm, and commitment of staff to adopt and share Quotable Value's changing culture. Hence the importance of adopting a *shared culture* emerges, together with a specific emphasis on staff. The notion of staff is considered in further detail under the heading of "People", following a brief examination of confidence in the context of Quotable Value's culture.

a) Confidence

The notion of confidence does not emerge as a particularly significant theme from the data, but

rather is examined briefly for comparative purposes. Despite the many changes in Quotable Value since 1998, such as demanding workloads, and a strategy or vision focused on growth; confidence does not surface as an important issue for Quotable Value. Rather, themes which do emerge and may be indirectly related to confidence include a willingness to face challenges, and addressing those challenges with enthusiasm and energy (Osborne, 2003). Arguably however, such comments are a reflection the attitude of people or staff within Quotable Value, and are considered in that context below.

b) People

Within the data pertaining to Quotable Value a strong and recurring emphasis on people emerges. Specifically, this theme of people encompasses two key aspects: staff and customers. Thus, the importance of people both *internal and external* to the organisation is highlighted.

With respect to staff, Langridge (2005a) notes the deliberate efforts of Quotable Value to manage the people aspect of the organisation's culture through the introduction of a nationwide conference, and initiatives to foster work-life balance such as health assessments, four weeks annual leave (compared to the statutory annual leave entitlement of three weeks), and flexible working arrangements and hours. Thus, while Quotable Value's work environment is demanding, a deliberate effort has been made to ensure it is also flexible and rewarding for staff.

Within the 2003 Annual Report in particular, the acknowledgement of staff contributions seems both deliberate and genuine. Langridge offers an honest assessment of the staff issues Quotable Value has previously addressed, acknowledging that staff turnover is an issue. Quotable Value was forced to decrease staff numbers in the early stages of its operations as a crown entity, as well as downsize the organisation through natural attrition.

> There would have been a number of staff whose leaving wasn't voluntary; whereby work was lost and staff couldn't be retained. It was also a case of change in processes, so as staff left they weren't replaced. There was probably a period of pain for almost four years, where although the business was growing, there were a lot of negative stories led by negative staff experiences. So one of the first things we did in November 2002 was hold the first ever nationwide conference (Langridge).

The conference, widely acknowledged as successful by both management (Langridge, 2005a; Osborne, 2003) and staff (Powles in Quotable Value, 2003) was viewed by Quotable Value as:

> a chance for our people to set a vision for the future at both company and personal levels. Everyone got into the spirit, working together as a team. This helped achieve a

collective energy, a common understanding of our future vision (Quotable Value, 2003, p. 12).

Thus the participative nature of the organisation and the importance of staff sharing a common vision and enthusiasm for that vision become evident.

The contribution and importance of staff is further acknowledged by Osborne (2004, p. 4) on a number of occasions: "Technology is one thing but it is nothing without the people to implement it and enhance it. To use the truism, people are our greatest asset". Osborne continues to express his "heartfelt thanks" to the staff of Quotable Value, noting that "QV's continued success is a direct result of your efforts".

This notion is further reinforced through Westlake's and Osborne's earlier comments, referring to Quotable Value's outstanding results as directly attributable to "the efforts of our capable and committed people" and the confidence in Quotable Value's staff to meet future ambitious targets (Westlake, 2003, p. 3); and the manner in which staff have adapted with enthusiasm to Quotable Value's cultural changes (Osborne, 2003). Thus the importance of staff within the organisation emerges as a strong theme.

With respect to people outside the organisation, Langridge's comments also reveal a genuine concern for and awareness of customers (both existing and potential), the general public of New Zealand, competitors, local councils, and other government departments. Specifically Langridge refers to the existing and potential use or application of Quotable Value's property data as providing information to the general public such that informed decisions can be made, enhancing the efficiency of New Zealand's property market, assisting councils with town planning to ensure a safe and stable living environment, and providing competitors and government departments with access to Quotable Value's resources such that other useful services may be introduced.

Based on the organisation's Annual Report for 2004 in particular, a strong focus on customer relationships is also evident. Specifically profiles of and comments from a range of customers, highlights the importance of both a customer focus and customer relationships within Quotable Value. Comments by both individual customers and Quotable Value reflect on their relationship in an informal context as one of "partnership"; working together; tailoring Quotable Value's services to meet specific customer needs. This emphasis on customers is effectively captured in the comments of Sandra Hunter of Dunedin City Council: "We have a great *working relationship.*

We couldn't ask for anything better than what we get" (Quotable Value, 2004, p. 7).

This focus is reinforced by Osborne who refers to Quotable Value's vision as customer centred, and notes:

> Our customers have played a vital role in helping to shape our future by openly sharing with us their needs and aspirations. I would like to thank our customers for their loyalty and support and confirm QV's commitment to meeting their ongoing needs (Osborne, 2003 p. 4);

> We operate in an extremely competitive environment and must always be innovative in the creating of value for our customers (Osborne, 2004, p. 4).

Thus the importance of both a strong customer focus and customer relationships is emphasised within Quotable Value.

7.6.3 Branding

A final theme considered in the context of Quotable Value and E-Valuer is that of branding. Specifically the notion of branding emerged in the context of the previous two case studies, by way of distinguishing the brand name or profile of the main SOE (e.g. MetService and NZ Post) from the brand used to promote certain commercial activities offered by these SOEs in both New Zealand and abroad. Thus for the purposes of consistency and later comparison in the discussion (Chapter 8) the notion of branding is also considered briefly in the context of Quotable Value.

While the notion of branding does not emerge as directly relevant to Quotable Value or E-Valuer, certainly there is an emphasis on the organisation's profile, and enhancing that profile. As noted previously, Langridge's comments acknowledge the importance of advertising, promotional activities, and increasing Quotable Value's profile in New Zealand and abroad. While various activities have recently been undertaken to address this issue (Langridge), such comments also indicate the organisation remains in the early stages of effectively doing so. Thus, in the context of Quotable Value, establishing or enhancing the organisation's profile rather than establishing or differentiating specific brands, is relevant to the organisation. This may in part, be due to the size and early developmental stage of the organisation (Pullar-Strecker, 2002), and is examined further in Chapter 8.

Thus, findings identified from the data pertaining to QV and E-Valuer in particular, offer further insight into the strategic entrepreneurship construct. For ease of reference these findings are summarised in table 7.2 below.

Table 7.2 Additional elements relevant to strategic entrepreneurship in the context of E-Valuer

Additional elements relevant to SE	Identification of element within E-Valuer
Strategy	• clear evidence of *strategic direction, planning, and leverage*
Culture • confidence • people	• *challenging and rewarding* • does not emerge as a central theme • strong focus on *people both internal* (staff) *and external* (customers, general public, competitors, other government organisations)
Branding	• strong emphasis on establishing a *public profile*, rather than distinguishing a particular brand name

Specifically this table presents the central themes emerging from the case which are beyond the scope of the proposed framework, together with details on the application or relevance of those themes to E-Valuer. In addition, key aspects of these themes are highlighted in italics.

As noted previously, in order to incorporate a longitudinal dimension in this study, a second phase of data collection and analysis was undertaken approximately six months after the initial interview with Langridge, for the purposes of identifying developments and changes relating to E-Valuer. Such changes are detailed in the following section.

7.7 Developments in E-valuer

Discussions with Langridge in August 2005 reveal a number of developments relating to both E-Valuer and Quotable Value. The organisation has increased its profile substantially over the past six months through its involvement in "The Auction", a half page newspaper feature which has appeared fortnightly in the New Zealand Herald (see Appendix L). The report features five properties which have sold during the previous weekend and compares their sale price to E-Valuer's pre-action estimate. Langridge (personal communication, 12 August 2005b) notes the

exercise has been "a very real measure of the accuracy of E-Valuer", and that E-Valuer has performed very well, often with four of the five properties being sold within the E-Valuer range. Further promotional activity has been established through the New Zealand Herald's "Ask our experts" feature within the property section of the newspaper, whereby readers' questions are addressed by various property experts, including Quotable Value staff (New Zealand Herald, 2005a).

Langridge's comments suggest a continued focus on growth has also yielded results with respect to E-Valuer. Specifically Langridge (2005b) refers to "major growth" over the past six months in both revenue and customer base, which he attributes in part to the redesign of Quotable Value's website in late 2004, highlighting the availability and benefits of E-Valuer.

With respect to competitive advantage, Langridge reinforces earlier comments noting "E-Valuer was always viewed as a key competitive advantage for QV." Specifically Langridge highlights the intelligence E-Valuer offers to the customer, and notes "no other website offers that". Langridge also refers to competitive advantage arising from future opportunities as other online traders contract with Quotable Value to use the E-Valuer service.

Final comments by Langridge relate to the issue of wealth creation. Langridge's assessment that "investment in E-Valuer has well and truly paid off" is reflective of both financial and non-financial outcomes. In particular, financial wealth has been created through increased revenue and profits; non-financial wealth has been created through the organisation's increased customer base and business profile. Thus, a clear relationship between E-Valuer and wealth creation emerges.

7.8 Summary of E-valuer

This chapter has presented an overview of both Quotable Value in general, and E-Valuer in particular; an activity recognised as one at the intersection of entrepreneurship and strategy. Based on the findings in the preceding sections, a number of elements and themes have been identified as relevant to E-Valuer, both within and beyond the scope of the proposed framework of strategic entrepreneurship presented in Chapter 3. A comparison of these findings, with those from the earlier case studies on MetService (Chapter 5) and NZ Post (Chapter 6) provides a

valuable opportunity to explore the concept of strategic entrepreneurship in a range of different contexts, and is the focus of the discussion in the following chapter.

Chapter 8

8. Discussion

8.1 Introduction

Case study findings presented in Chapters 5, 6, and 7 provide significant insight into the strategic entrepreneurship concept in the specific context of the three organisations examined: MetService, NZ Post, and Quotable Value. This chapter considers and compares those findings from a broader perspective by presenting a cross-case comparison, and comparing collective findings with the literature on entrepreneurship, strategy, and strategic entrepreneurship. This discussion considers strategic entrepreneurship as a general concept as well as strategic entrepreneurship in the context of government organisations, or more specifically SOEs.

Specifically the core elements, scope, operation, and function of strategic entrepreneurship are re-examined from a practical perspective in the context of businesses in general and SOEs in particular. In addition, practical findings which were not previously addressed in the proposed framework are discussed and evaluated. Lastly, consideration is given to concepts commonly associated with strategic entrepreneurship in the literature, which were not reflected in either the proposed theoretical framework or the practical data and findings. This consideration encompasses a reclassification and redefinition of some theoretical concepts, in order to more accurately identify the relevant elements and further refine the understanding of strategic entrepreneurship. Thus, through the course of this discussion core concepts and supporting concepts of strategic entrepreneurship are gradually uncovered.

Given that the number of case studies was limited to three, the purpose of this discussion is not necessarily to generalise findings to all SOEs or businesses in general, but rather to explore and explain the issues uncovered; address the *how* and *why* (Cohen et al., 2000) of strategic entrepreneurship.

8.2 Core elements of strategic entrepreneurship

From the literature review and propositions detailed in Chapters 2 and 3 respectively, six

elements were considered fundamental to strategic entrepreneurship. In particular, Proposition 1 provided:

> *Strategic entrepreneurship is based on the fundamental elements of opportunity recognition, innovation, acceptance of risk, flexibility, vision and growth. Collectively these elements represent the independent concept of strategic entrepreneurship which is a potential source of competitive advantage.*

Each of these concepts was subsequently considered within the practical context of the individual case studies. This section now re-examines those concepts from a broader perspective, by collectively drawing on the findings from the three case studies.

8.2.1 Opportunity identification

As noted in Chapter 2 the notion of opportunity identification is well documented within the literature on entrepreneurship. Barth (1969) refers to opportunity identification in the context of transferring value between two unrelated aspects of society; Shane (2003) emphasises the scope of opportunity identification to include both existing opportunities identified, and new opportunities created. Sarasvathy et al. (1998) highlight the importance of perception with respect to opportunity, such that entrepreneurs see opportunity where others fail to do so. With respect to the use or exploitation of opportunity, Bhide (1994) contends that identification of opportunity, coupled with analysis, judgement, and strong execution skills, is an important feature within entrepreneurship to establish competitive advantage. Literature on strategic entrepreneurship further reinforces the notion of opportunity identification (Hitt et al., 2002), but does not present it as a key dimension of strategic entrepreneurship (Ireland et al., 2003). Thus, while there is significant theoretical support for opportunity identification, there is little practical guidance regarding the manner in which opportunities can be identified and acted upon.

From the case study findings, opportunity identification emerges as a central and recurring theme within each of the three cases. MetService's opportunity to combine information technology and weather forecasting skills to create unique weather graphics software, Weatherscape XT; NZ Post's opportunity to apply its existing infrastructure to establish a retail banking network throughout New Zealand, Kiwibank; and Quotable Value's opportunity to combine property data and valuation skills to create an online valuation service, E-Valuer; offer extensive practical support for this concept. From the data a number of specific aspects emerge within the context of

opportunity identification, and are discussed under the relevant headings below.

a) Cumulative opportunities

Activities recognised as both strategic and entrepreneurial within each of the three organisations highlight the importance of identifying opportunity, as well as the added advantage of identifying *cumulative opportunities*. In the case of NZ Post for example, Kiwibank was viewed as an opportunity on a number of levels: opportunity for a sustainable income stream and growth within the organisation; opportunity for job security and further career prospects for existing and potential employees; and the opportunity to offer customer focused banking services to the general public throughout New Zealand. Hence the notion of cumulative or complementary opportunities reinforces the strategic viability of the opportunity. Essentially these opportunities refer to the ideas and possibilities identified as relevant to a business; these ideas presenting the chance or opportunity to reinforce a business' strategic direction and improve its strategic position.

While the literature on strategic entrepreneurship addresses the notion of opportunity leading to competitive advantage (Hitt et al., 2002; Meyer et al., 2002) the two are presented as directly related (a concept which is examined in further detail under Proposition 4). No such detail addressing the accumulation of opportunities as a contributing factor to strategic entrepreneurship is, however, presented within the literature other than a brief reference by Eisenhardt et al. (2000) to multiple opportunity identification. Hence the notion of cumulative opportunities is both an important finding from the cases, and a significant development in the understanding of strategic entrepreneurship.

b) Internal and external opportunity identification

Within both MetService and NZ Post in particular, another theme which emerges as directly relevant to opportunity identification is a focus on *core capabilities* and establishing *operational excellence* in relation to those capabilities. Specifically a focus on, and resulting recognition of operational excellence resulted in both MetService and NZ Post identifying opportunity *internally*, as well as being presented with opportunities *externally*. Similarly within Quotable Value the development of a strategic resource (e.g. complete property dataset) resulted in both internal and external opportunity identification.

While the notion of core competencies (Barney, 1991; Prahalad & Hamel, 1990) and operational

efficiency (Barwise & Meehan, 2004; Porter 1980) are recognised themes within the literature on strategy, and are encompassed within Ireland et al.'s (2003) model of strategic entrepreneurship; the literature on these topics does not extend beyond this to draw a relationship between operational excellence and opportunity identification either internally or externally. Rather the more common distinction is that between opportunity created and opportunity identified (Shane, 2003); both of which are considered from an internal perspective. Thus the case study findings reveal a further dimension within the concept of opportunity identification which effectively develops the understanding of strategic entrepreneurship by identifying two aspects of opportunity identification: internal and external, and the factors which contribute to each.

This development is particularly significant for businesses whose strength is not so much in the area of internal opportunity identification, as operational excellence or developing strategic resources. Hence they present alternatives to internal opportunity identification, provided a business can effectively gain recognition for its operational excellence or strategic resources.

c) Additional themes

Further review and comparison of case study findings also reveals a number of elements which emerge as relevant to opportunity identification. Specifically these concepts include a *strong customer focus*, *transfer and application of knowledge*, and *cost minimisation*, each of which is considered briefly below and examined in further detail within Section 8.3. While these elements may not be viewed as central to strategic entrepreneurship, essentially there is a relationship or association between the two. For this reason, they form an important part of the discussion on strategic entrepreneurship in general, and opportunity identification in particular.

Strong customer focus
The importance of a strong customer focus is reflected through the opportunity identified being a commercially viable one. Hence an understanding of customers assists in identifying opportunities which are both entrepreneurial and strategic in nature, such that products or services created are not only innovative and flexible, but also tailored to meet specific or anticipated customer requirements. This is consistent with the literature on strategy which addresses the importance of customers as stakeholders (Freeman & McVea, 2001), adopting a commercial focus (Barwise & Meehan, 2004; Gulati & Oldroyd, 2005), and identifying target markets (Weinstein, 2004). Essentially, however, these concepts have not been extended to the domain of strategic entrepreneurship. Thus this finding reveals an important development: the

application of a strong customer focus to strategic entrepreneurship.

Transfer and application of knowledge

Based on the case study findings, identification of opportunities through the transfer and application of knowledge also reveals an important and manageable pathway for businesses to approach the task of opportunity identification. While this concept has been addressed within the literature on strategy (Bissell, 1997; Hargadon, 1998), there has been no theoretical extension to apply this concept specifically to strategic entrepreneurship. Thus, findings from this study which specifically identify the relevance of the transfer and application of knowledge to strategic entrepreneurship represent an important development. Rather than searching for opportunities in a vast and complex external environment, looking within the business and applying existing knowledge to new domains offers perhaps a more viable pathway to opportunity identification.

Cost efficiency

One further issue identified from a comparison of the findings, is that of cost efficiency or cost minimisation, which allowed opportunities to be pursued with limited financial resources. Essentially this provides businesses with the financial opportunity to pursue multiple projects while effectively minimising the financial risk associated with those projects. While Porter's (1980) generic strategy of cost leadership and its association with process innovation is well established in the strategy literature, together with other studies addressing the more general notion of cost efficiency (Jones, 2004), essentially this notion has not previously been extended to the sphere of strategic entrepreneurship. Thus the application of cost efficiency within the context of strategic entrepreneurship is an important finding, and further reinforces the strategic roots within strategic entrepreneurship.

Each of these concepts clearly emerges from the three case studies, as MetService emphasises their low cost structure (cost minimisation), NZ Post highlights leveraging off its infrastructure and knowledge of payment processing to establish a bank (transfer and application of knowledge), and Quotable Value targets customers wanting convenient and low cost valuations (strong customer focus).

Hence it seems these different aspects of opportunity identification: cumulative opportunity, operational excellence leading to both internal and external opportunity identification, and the related or supporting elements: strong customer focus, transfer and application of knowledge,

and cost efficiency; require further emphasis such that businesses understand the pathways and factors which contribute to opportunity identification.

In the context of the three case studies, the importance of opportunity identification is perhaps reinforced through the commercial imperative imposed on MetService, NZ Post, and Quotable Value, as SOEs. While this imperative is certainly not unique to SOEs, the shift to commercial and financially accountable organisations did result in a heightened awareness of the requirement to establish a profitable and sustainable business. Thus, the shift in organisational profile corresponded with a shift in each organisation's approach to business. A need to identify new opportunities was acknowledged within each organisation to ensure each business was both financially independent and sustainable in the long-term.

8.2.2 Innovation

Within the literature on both entrepreneurship and strategy, innovation is addressed extensively (Bhide, 1994; Ireland, et al., 2003; Schumpeter, 1934; Sonfield & Lussier, 1997). In particular emphasis is often focused on the level (Sonfield & Lussier, 1997) and scope of innovation (e.g. Ireland et al.'s (2003) distinction between incremental and radical innovation). Little guidance, however, is provided on the more pragmatic aspects of innovation and the ways in which innovation may be addressed and achieved within a business.

Within the case study findings the concept of innovation also emerges as a central theme: applying new ideas and technology to effectively create new and unique products and services (e.g. leading weather graphics software, a New Zealand owned bank, and affordable online valuation services). Further comparison of the case study findings also reveals distinct commonalities and recurring themes within the innovations developed by each of the three organisations studied. Such themes are considered in further detail below.

a) Applied innovation

An important and recurring feature of innovation within each of the case studies is the combination of creativity and pragmatism facilitated through a strong *customer focus*. Hence the innovation assumes a strong commercial focus, such that it is tailored or applied to meet anticipated or actual customer requirements. While innovation (Schumpeter, 1934) and the importance of customer focus (Gulati & Oldroyd, 2005; Miller, 1993) are addressed separately in

the literature on entrepreneurship and strategy, literature within strategic entrepreneurship has not yet progressed to the stage of examining the relationship between these concepts. Barwise and Meehan's (2004) study is one of the few to examine innovation in the context of a strong customer focus, and emphasises the importance of customer orientated innovation, rather than simply unique or novel innovations as a general strategy. Thus, innovation in the context of a strong customer focus is an important development within strategic entrepreneurship, based on the findings.

This notion of innovation with a clear commercial or customer focus, referred to in the case studies as *applied innovation* is evidenced through the development of advanced graphics software tailored to weather presenters' expectations (MetService), creative banking services designed to meet the needs of New Zealanders throughout the country (NZ Post), and unique valuation services which capture a new target market of small property investors wanting convenient and cost effective valuation estimates (Quotable Value). Hence the notion of applied innovation is reinforced, together with the concept of a strong customer focus. This is perhaps highlighted by Lumsden's (2004) comments in relation to MetService and Weatherscape XT in particular: "We know how a forecaster's mind works. We know the sort of things they're going to want to fiddle with and the sort of things they'll leave alone".

As such this latter notion of applied innovation, or innovation with a specific customer or commercial focus lacks due emphasis, and is an important development in the understanding of strategic entrepreneurship. Thus strategic entrepreneurship relies not only on the creation of novel combinations (Ireland et al., 2003) and a combination of innovation and risk (Sonfield & Lussier, 1997), but more importantly on innovation with a clear commercial perspective, such that innovation has both an entrepreneurial and strategic focus.

b) Additional themes

Further analysis of the findings also reveals additional elements which seem related to innovation, as secondary or supporting concepts. Thus, while not central to or essential for innovation, they effectively assist in the identification and development of such innovations. These elements include *cost efficiency* and *transfer and application of knowledge*; each of which is considered briefly below.

Cost efficiency

As detailed in the previous section, operating within a low cost structure provides businesses with the financial freedom and flexibility to pursue opportunities, and also provides a similar freedom in developing innovations once ideas and opportunities are identified. Thus cost efficiency or cost minimisation is not necessarily fundamental to strategic entrepreneurship, but may also be viewed as a supporting factor for the core concept of innovation, and in particular process innovation (Porter, 1980). As noted previously, this concept is consistent with Porter's (1980) notion cost leadership in a general strategy context. It has not, however, been extended to the scope of strategic entrepreneurship. Thus it represents an important development in the understanding of factors which may contribute to strategic entrepreneurship, and reinforces the strategic roots of this concept.

Transfer and application of knowledge

Similarly, the notion of transferring and applying existing knowledge to new domains is an important pathway to innovation. Within MetService in particular, knowledge of weather forecasting was applied to advanced graphics software, in order to develop an innovative weather graphics programme. NZ Post applied new technology to its core skills and existing infrastructure to establish a banking network throughout New Zealand. Quotable Value combined technology and professional valuation skills to introduce online valuations. Thus the notion of innovation through the transfer and application of knowledge is reinforced as central to strategic entrepreneurship, and is perhaps highlighted through Lumsden's (2004) comments: "I think most of the things we do are some form of adaptation".

As noted previously this issue is addressed within the literature in a general strategy context (Bissell, 1997), but has not been extended to strategic entrepreneurship. Hence the association between the two from the current study is an important development in the understanding of strategic entrepreneurship. In the context of the three organisations studied, innovation may be a reflection of the New Zealand environment, which has been characterised as one of small, creative, and resourceful organisations (Reynolds et al., 2004). Thus, innovation and entrepreneurship have, on a small scale, become associated with New Zealand organisations; such that competitors within this environment may view innovation as an obvious or recognised pathway for advancement.

8.2.3 Acceptance of Risk

Within the literature on both entrepreneurship and strategy, risk emerges in a number of contexts. Specific to entrepreneurship literature is a focus on the deliberate acceptance of risk by entrepreneurs (Cantillon, 1755; Knight, 1921) and the level of risk assumed (Sonfield & Lussier, 1997). Such risk is often referred to as high level (Busenitz & Barney, 1997) and bold or reckless in nature (Mintzberg, 1973; Shapero, 1975). Carland et al. (1984) identify the type of risk adopted as a distinguishing feature between managers and entrepreneurs. Smircich and Stubbart (1985) highlight the importance of risk perception; Busenitz and Barney (1997) build on this by suggesting entrepreneurs use judgement, analysis, and intuition to determine risk as moderate rather than high.

Within strategy and strategic entrepreneurship, much of this literature continues to focus on the willingness to accept risk (Lumpkin & Dess, 1996), and the extent of that risk (Sonfield & Lussier, 1997). Few however, have specifically addressed the more poignant notion of risk perception (Busenitz & Barney, 1997; Smircich & Stubbart, 1985) and risk management in the context of strategic entrepreneurship. Within the case study findings, however, acceptance of risk repeatedly emerges as a concept fundamental to strategic entrepreneurship. The various aspects of this concept, both central and supporting, are considered below.

a) Perception of risk

The emphasis on risk from a theoretical perspective is well supported in a practical context, based on the case study data and findings. While risk was acknowledged as relevant to the activities examined within each of the organisations, essentially such risk was identified and evaluated before a conscious decision was made to accept that risk. Thus both perception (Smircich & Stubbart, 1985) and professional judgement (Busenitz & Barney, 1997) are important aspects within risk-acceptance.

b) Managing and mitigating risk

Another important and recurring feature associated with risk in each of the case studies, was the perception of such risk as manageable. This concept is significantly different from the literature which tends to classify or categorise risk as high, moderate, or low (Sonfield & Lussier, 1997). Thus based on the case study findings, an important distinction is made between risk perceived

as manageable versus unmanageable. Specifically, conscious steps were taken within each of the organisations to actively manage or mitigate such risk (e.g. MetService operating within a low cost structure, NZ Post employing banking staff with the necessary skills and experience, Quotable Value monitoring changes in customer demand and revenue for its competing valuation services). Thus both perception and management of risk emerge as central to the issue of risk acceptance.

c) Additional themes

With in the process of cross-case comparison, a number of other themes also emerge as relevant to risk, but not necessarily fundamental to this concept. These themes are considered briefly below.

Confidence

Within both MetService and NZ Post, the notion of *confidence* also emerges as directly relevant to risk-acceptance; the confidence to assume new risks. Again, this concept may be viewed as a supporting one, which is not specifically fundamental to strategic entrepreneurship, but effectively operates to support risk-acceptance. While confidence is not specifically addressed within the literature on strategy, it is perhaps encompassed within the notion of a proactive organisation and is discussed further in Section 8.3.2. Further, the emergence of this concept may also be viewed as directly relevant to the type of organisations involved in this study. Given the context of the case studies being state-owned enterprises, the notion of confidence may be reflective of the change from government departments which did not necessarily have a commercial imperative, to commercially focused and accountable SOEs. Hence the shift in commercial focus may account for the subsequent emphasis on confidence to accept new risks, emerging as a separate concept within the culture of these organisations. This is consistent with Ramamurti's (1986) view of public entrepreneurs.

Thus, while literature on strategy continues to emphasise a willingness to accept risk and the extent of that risk, arguably the issue more pertinent to strategic entrepreneurship is the *evaluation* of risk and *perception* of such risk as *manageable*. The distinction of perception is perhaps highlighted by Hogg (2004) through her comments on NZ Post: "we wouldn't have done the project if it was high risk"; but referring to the views of others outside the organisation Hogg notes "they thought we were nuts".

8.2.4 Flexibility

With respect to the literature on strategic entrepreneurship, an emphasis on flexibility emerges in the context of improvising, responding quickly to changes in the market, and establishing an appropriately unrestrained work environment (Eisenhardt et al., 2000). Ireland et al. (2003) also raise the issue of flexibility through freedom to use or access the appropriate resources. While such issues are important, arguably they remain only a small part of the multi-faceted concept of flexibility.

Consistent with the literature on both entrepreneurship and strategy, flexibility emerges as a central theme from the case study data and findings. The notion of flexibility seems closely tied to various core concepts, such as the flexibility to identify opportunity, flexibility to transfer and apply existing knowledge to new domains in order to create innovative, customer focused products and services, flexibility to identify multiple and diverse opportunities within the scope of a single vision. Within the case study findings specific examples of flexibility include a flexible work environment and attitude (e.g. MetService), flexibility of timeframes for implementation (NZ Post), and flexibility of vision (Quotable Value). The various aspects of flexibility are considered in further detail below.

a) Flexibility in operations

The nexus between flexibility, opportunity identification, innovation, and vision, is repeatedly reinforced within the data. As can be seen from the discussion thus far, it is often difficult to separate or isolate core concepts given their close relationship and interdependency. The importance of flexibility is perhaps highlighted through the comments of Hogg (2004) with respect to the implementation of various Kiwibank services sooner than expected. "As much as you can plan, you've still got to be flexible". Thus a flexible approach within the operations and systems of a business, and responding to changes in the internal and external environment (Eisenhardt et al., 2000) are reinforced from a practical perspective.

b) Flexibility of perception

Another aspect of flexibility which emerges from the data is the flexibility associated with entrepreneurship and strategy, or what may be broadly referred to as entrepreneurial flexibility and strategic flexibility. Specifically this aspect of flexibility reflects the interrelated nature of

strategic entrepreneurship's core elements and encompasses the notion of flexibility within opportunity identification, innovation, vision, and growth. It is perhaps characterised by a broader awareness or perception to recognise alternatives and multiple options within opportunity identification, innovation, vision, and growth.

Specifically flexibility within opportunity identification and innovation is reflected through the application of existing knowledge to new domains (e.g. NZ Post's decision to establish a national bank, Quotable Value's expansion into online valuation services), referred to by Bissell (1997) as knowledge brokering. Such initiatives may also be viewed as flexibility within the notion of vision: to have a clear picture of activities the business plans to focus on, but at the same time identify diverse and viable opportunities within that vision. While the notion of a clear vision (Drucker, 1985) and the flexibility to allow that vision to change (Mintzberg & Waters, 1982) is detailed in the literature, existing theory does not extend beyond this to identify the broader importance of flexibility within vision. Such flexibility refers not simply to a change in vision, but rather to identify a range of options within a single vision. Thus this finding represents an important development with respect to both flexibility and vision within the understanding of strategic entrepreneurship. Such notions are again supported by a strong customer focus and a breadth of vision (discussed further in Section 8.2.5), ultimately providing a pathway for growth.

c) Flexibility of resources

Flexibility of resources (Ireland et al., 2003) also emerges as central to strategic entrepreneurship based on the data and findings such that businesses establish a flexible work environment (Eisenhardt et al., 2000), encompassing the availability of both time and physical resources for staff to pursue ideas, thereby providing a freedom to innovate. Such flexibility also emerges within the human resources of a business: the "can-do" attitude of staff to take on new tasks, which may be viewed in part as a reflection of the organisation's culture and confidence. It is this latter notion of a flexible attitude however which is touched upon by Ramamurti (1986) solely in the context of government organisations, which remains under explored within the literature. Thus, it represents an important development in the understanding of strategic entrepreneurship for both government and non-government organisations.

In the context of the three case studies, flexibility is perhaps both deliberate and emergent (Mintzberg & Waters, 1982). Due to the commercial imperative imposed on each organisation, there was an awareness of the need to alter the business operations in some way, thereby

establishing flexibility within the scope and direction of the business. These modifications effectively resulted in flexibility emerging in various other aspects of the business such as flexibility within the work environment, and flexibility in the attitude of staff to take on new projects.

8.2.5 Vision

Within the literature, vision emerges as a central concept to both entrepreneurship and strategy. Drucker (1985) refers to vision as one of the key characteristics of entrepreneurial activity. Morris and Kuratko (2002) note entrepreneurial organisations have a strong sense of both what they are and what they want to become. Collins and Porras (1994) elaborate on this notion, contending that great vision starts with *core ideology*, which they refer to as core purpose and values; an awareness of what direction the business should and shouldn't take. Mintzberg and Waters (1982) refer to the entrepreneurial mode of strategy-making as one characterised by a clear and complete vision. Thus, within the literature, vision is often aligned with strategic direction. Within the case studies the notion of vision is a recurring theme within all three organisations studied, and emerges in a number of different contexts, as detailed below.

a) Vision of direction

One of the fundamental aspects of vision which emerges from the three case studies is a clear vision of the business' direction. Specifically, MetService was conscious of markets in which it did not wish to compete (e.g. shipping forecasts), NZ Post showed confidence in its direction to establish a bank, and Quotable Value applied its vision of growth to emphasise its core business of property valuations through online valuation services. Thus vision is acknowledged as an important concept: a clear vision of what the business intends to focus on as well as areas it intends to avoid (Collins & Porras, 1994; MetService), a vision to see what is possible for the future (Mintzberg & Waters, 1982; NZ Post), and the importance of a breadth of vision (Fesser & Willard, 1990; Quotable Value). It is this latter notion however, of a breadth of vision, which remains under explored in the literature.

b) Breadth of vision

While a breadth of vision is relevant to all three case studies, it is particularly relevant throughout the Quotable Value case study data and findings, as Langridge (2005a) gradually reveals the scope of Quotable Value's vision not only for the organisation in the context of E-Valuer, but also

a vision which encompasses individual property investors, the general public, other government departments, and competitors. Langridge's comments indicate the broad scope of Quotable Value's vision, from the initial development of a property database which served the interests of both local councils and Quotable Value, to the sale of Quotable Value's property data to competitors which served the interests of Quotable Value, competitors, and the general public who may benefit from other services being provided by competitors through the use of that data.

Arguably, such breadth of vision may also be reflected in the transfer and application of knowledge, as well as opportunity identification. While each of these aspects is addressed separately within the literature, the concept of a breadth of vision has not been specifically addressed and linked to strategic entrepreneurship. Thus it represents an important development in the understanding of strategic entrepreneurship.

c) Shared vision

A further aspect of vision addressed only briefly in the literature is the notion of an envisioned future which is *shared* (Collins & Porras, 1994). Thus, while much of the literature on entrepreneurship focuses on the vision of a strong leader (Mintzberg, 1973), or management (Ireland et al., 2001), perhaps more important is that the espoused vision is adopted throughout the organisation, such that support for and commitment to that vision are collectively shared by staff throughout the organisation. This approach not only reinforces or strengthens the vision throughout the business, but also increases the likelihood of multiple opportunities and innovations being identified and developed by various individuals within the organisation, rather than depending upon the direction and vision of one leader. The notion of a shared vision is therefore an important development within strategic entrepreneurship, and is directly relevant to *people* throughout the organisation. This notion of people is considered further under that heading in Section 8.3.2.

d) Additional themes

Within each of the case studies a formal or espoused (Baum, Locke, & Kirkpatrick, 1998) vision emerged, providing direction and reinforcement to staff. Accordingly, the adoption of a clear and formal vision seems useful in guiding the actions of staff such that the vision is consistently adopted. In the case of Quotable Value however, staff members were also involved in establishing that vision as part of the national staff conference, such that participation and commitment were further enhanced. Specifically the conference was referred to as "a celebration

of past achievements as well as an opportunity to develop vision and goals for future success" (Quotable Value, 2003).

Despite MetService's relaxed and informal work environment, the notion of a formalised vision statement (Baum et al. 1998) is also an important aspect of its business. More specifically, the combination of a formal vision reinforced through informal means (e.g. printed on the back of staff's coffee mugs) was an effective way to reinforce the vision in staff's day to day conduct and decision-making. Thus the notion of reinforcement is also an important aspect of vision (Bennis & Nanus, 1985) which remains under emphasised within the literature. In particular, Bennis and Nanus address the issue of communicating vision in a number of ways (e.g. written and oral). Arguably, however, the notion of reinforcing vision through actions and activity consistent with that vision is equally important.

In the context of the three case studies, an emphasis on vision is perhaps attributable to the scope of the change (from government funded to independent, profit orientated businesses), the size of the organisation, and the value placed upon people within the organisation. In particular, the significant change in organisational direction involved a large amount of people in each case, within organisational environments which seemed to genuinely care about the staff within those organisations. As such, this environment may provide the rationale for vision being openly communicated, shared, and reinforced: serving the interests of the organisation as a going concern, dependant on the collective efforts of the staff; as well as the interests of the individuals to provide employment and financial security.

8.2.6 Growth

Within the literature on entrepreneurship, strategy, and strategic management in particular; growth is a prominent concept. Specifically, strategy literature emphasises organisational growth as both a central objective of businesses and a reflection of business success (Hitt et al., 2001; Hussey, 2000). Within the entrepreneurship literature, however, growth is often presented as an objective or outcome within the broader concept of reward, both financial and non-financial (Hawley, 1901; McClelland, 1962; Smith, 1776). Thus a distinction is noted between the two perspectives, with growth characterising the element central to both entrepreneurship and strategy.

Based on a comparison of the case study findings, growth also emerges as a multifaceted concept. Such facets or aspects of growth which consistently surface from the findings include financial and non-financial growth; growth in the scope of operations (products, services, innovations, and customer base); growth through development of the business, and growth through reward (reputation, recognition, internal satisfaction).

Within the case study findings the diverse and central nature of growth, including growth in internal satisfaction (MetService), revenue (NZ Post), and increased recognition (Quotable Value), suggests growth is effectively a key concept of strategic entrepreneurship. The various aspects of growth which emerge from the findings are considered below.

a) Growth in business scope

Growth in the context of business scope (Hussey, 2000): products, services, innovations, and customer base; is an important aspect of growth within the findings, and effectively gave rise to growth in other contexts. Specifically the increased scope of business assisted each of the organisations with growth in reputation and recognition. Ultimately this provided the additional benefit of opportunities being identified both internally and externally, resulting in financial reward or growth. This financial growth in the context of increased business activity subsequently provided a pathway to growth in other respects, as detailed below.

While growth in the scope of business is alluded to in the context of innovation (e.g. introducing new products and services, Fahrer, 2005; Tucker, 2002) there is no express reference within the strategic entrepreneurship literature to innovation in the context of growth. Thus the case study findings serve to specifically identify and clarify this association, and its application to strategic entrepreneurship.

b) Growth through business development

Based on a comparison of the case study findings, growth in the form of financial returns and increased business activity also provided a sense of progress and development within each of the organisations resulting in maturity or organisational growth. Growth in this context was an important outcome in the general development or growth of the business, but was also particularly important as a pathway for further development in other areas such as advertising and staff training (Quotable Value), confidence in the skills of the organisation (MetService) and confidence to take on new projects (NZ Post). While organisational development and growth is

commonly referred to in the literature on strategy (Ford, 1997), it has not been extended and applied specifically to strategic entrepreneurship. Thus it represents an important detail in the understanding of strategic entrepreneurship. The latter two aspects: confidence in the skills of the organisation and more specifically confidence to take on new projects, leads to the issue of growth in another context, being reward.

c) Growth through reward

Finally the notion of growth in the context of internal satisfaction (McClelland, 1962) is perhaps an element which emerges in the latter stages of strategic entrepreneurship, once activity characterised as both entrepreneurial and strategic is recognised as successful. Specifically this awareness or realisation of success gives rise to reward both financial (Rumelt, Schendel, & Teece, 1994; Schumpeter, 1934; Smith, 1776) and non-financial (McClelland, 1962). Specifically non-financial reward is reflected through increased confidence in the skills and abilities of the organisation to transfer and apply knowledge to new domains; confidence to take on new projects. Thus, increased wealth effectively strengthens the financial position of a business; increased satisfaction effectively strengthens the culture of the organisation. These outcomes highlight the relationship between effort and reward; reinforcing the direction or vision adopted by the organisation.

While reward, culture (Johnson, 2000), direction (Garratt, 1995), and vision (Baum et al., 1998) are presented as important concepts within the literature on strategy, the related nature of these concepts in the context of growth and strategic entrepreneurship has not been emphasised. Thus, the extension of growth in this context represents a further development in the understanding of strategic entrepreneurship.

In the context of the organisations examined, growth in business scope and development seem to be deliberate objectives, and may be a reflection of each organisation's requirement to establish sustainable business operations. Thus, while the importance of growth is not unique to SOEs, the contrast between each organisation's operations as a government department, and the expectations placed upon the organisations as SOEs resulted in a heightened awareness of the need for each organisation to expand their business in some way; hence the importance of growth was acknowledged.

Thus based on the above discussion, strong support exists for each of the six core elements. Table 8.1 summarises these core concepts and the main features of each, in the context of strategic entrepreneurship.

Table 8.1   Core elements of strategic entrepreneurship

Core elements of SE based on the proposed framework	Practical support for these elements based on the case study findings
Opportunity identification	- cumulative opportunities opportunities on a number of different levels (e.g. individual, organisational, national) - opportunities identified both internally and externally extension of identifying core capabilities & resources leveraging from those capabilities establishing operational excellence - aided through strong customer focus, transfer and application of knowledge, cost minimisation
Innovation	- applied innovation: creativity balanced with practical customer focused solutions - aided through: creative & flexible services within a low cost structure transfer and application of knowledge
Acceptance of risk	- risk evaluated and viewed as manageable level of risk based on perception (often different to the perception of others outside the business) - effectively managed and monitored - supported by confidence and operational excellence within the business
Flexibility	- flexibility within operations (e.g. flexible systems, responding to change) - flexibility of perception transfer and apply knowledge within innovation flexibility within vision to identify diverse opportunities - flexibility of resources (time, staff, work environment) flexibility of a "can-do" attitude confidence to apply core skills in new markets and domains
Vision	- clear vision of the organisation's core business (activities both included and excluded) - breadth of vision to see what is possible, commercially viable to transform ideas into creative, useful products vision to apply core capabilities in different contexts - shared vision reinforced through an espoused vision, consistent with actions and strategy of the business
Growth	- both financial and non-financial - growth in the scope of business products, innovations, customer base - growth in the development of the business maturity, learning from experience, developing expertise - growth through reward reputation, recognition, profile, and internal satisfaction revenue, profit, wealth

In particular, core elements of strategic entrepreneurship which were derived from a review of existing literature are detailed in the first column of the table. The second column details specific

themes within those elements which were common to each of the three case studies. Thus, this table effectively highlights the recurring nature or context of the six core concepts in a practical context.

Further review of the data however, also reveals additional themes which enhance or support strategic entrepreneurship, based on the findings from each of the case studies. These elements (some of which have been briefly addressed in this section) are presented and examined in the following section. Collectively they are referred to as supporting or secondary elements of strategic entrepreneurship. Essentially they are not considered fundamental to strategic entrepreneurship, but serve to foster and support the establishment of strategic entrepreneurship within a business.

8.3   Supporting elements of strategic entrepreneurship

Based on the findings from the individual case studies and the subsequent discussion in Section 8.2 above, the six elements considered central to strategic entrepreneurship have been reviewed and analysed. This section continues to focus on elements which emerge from the findings as related to strategic entrepreneurship, but are not necessarily central to this concept. Hence the relationship between these elements and strategic entrepreneurship may be viewed as indirect rather than direct, or complementary rather than core. Accordingly, these themes are presented as supporting concepts which serve to assist a business in establishing and enhancing the core concepts necessary for the creation of strategic entrepreneurship.

8.3.1 Strategy

Within the literature strategy is presented as a diverse and complex concept (Mintzberg & Waters, 1982). Strategy has been presented as both formal and informal (Ansoff, 1979; Mintzberg, 1987); deliberate and emergent (Mintzberg & Waters, 1982). While strategic entrepreneurship is commonly recognised as the intersection of entrepreneurship and strategy, the literature on this topic remains focused on identifying the core elements (domains and dimensions) of strategic entrepreneurship; and has not yet extended to address specific detail on

development and implementation of strategic entrepreneurship activity.

Based on the case study findings, there is no specific strategy which emerges as central to strategic entrepreneurship. Rather, particular aspects of strategy surface as supporting concepts which intersect with the various core elements. Specifically, the significance of strategy is not its formal (Quotable Value) or informal (MetService, NZ Post) nature, but rather the notion of strategy being consistent or aligned with vision (Baum et al., 1998). While both MetService and NZ Post emphasised the absence of any formal strategy, this may in part be due to the organisation's informal culture and the association of strategy as a rather formal concept or plan (Ansoff, 1965; Mintzberg, 1987). Despite rejecting the notion of a formal strategy, however, both MetService and NZ Post had a clear sense of direction or vision for the business (Baum et al., 1998), and had taken steps to ensure consistency within that vision. Specifically Lumsden (2004) notes of MetService: "there's been a very intentional attempt to align our policies and procedures with the organisation's vision.

Hence the significance of this finding is such that there is no particular pattern or prescription regarding the implementation of strategic entrepreneurship, but rather that it is consistent with and supported by the vision of the organisation. Thus, it represents a subtle but important development in the understanding of strategic entrepreneurship.

8.3.2 Culture

Within the literature organisational culture is presented as an important aspect of strategy and strategic management (Morris & Kuratko, 2002; Verreynne, 2005). Specifically Lumpkin and Dess (1996) broach the subject of culture in their reference to an entrepreneurial orientation within a business' approach to strategy-making. Ireland et al. (2003) address culture in the specific context of strategic entrepreneurship by identifying an entrepreneurial mindset and entrepreneurial culture (jointly) as one of strategic entrepreneurship's four key dimensions.

With respect to the case study findings, however, the notion of culture does not specifically emerge as an element either distinctive or central to strategic entrepreneurship. This is not to say that an entrepreneurial culture is not related to strategic entrepreneurship in some way, but in the context of the case studies, it does not emerge as a recurring theme and was not specifically

examined in detail. A brief review of entrepreneurial culture within the organisations studied suggests MetService would be the only organisation which has deliberately adopted an entrepreneurial culture. This is perhaps reinforced by the number of projects within MetService which seemed both entrepreneurial and strategic in nature, and were therefore suitable for inclusion in this study. This variation between MetService and the other two organisations may suggest an indirect relationship between the two constructs of strategic entrepreneurship and an entrepreneurial culture, such that an entrepreneurial culture assists in establishing an environment conducive to strategic entrepreneurship, but is not fundamental or necessary for the creation of strategic entrepreneurship activity.

Essentially this summation is consistent with the view that strategic entrepreneurship is essentially an act, activity, or process (Miller, 1983). Any organisation which implements activity characterised as entrepreneurial and strategic may achieve strategic entrepreneurship (e.g. NZ Post and Quotable Value). However, those organisations which establish an entrepreneurial culture (e.g. MetService) are perhaps more likely to create or establish strategic entrepreneurship on a recurring or more frequent basis. Certainly within MetService there seems to be a more pronounced emphasis on fostering innovation and searching for entrepreneurial opportunity. With respect to aspects within culture which do surface from the findings, however, two such themes repeatedly emerge, being confidence and people. Each of these themes is considered in further detail below.

a) Confidence

Examination of the literature on both entrepreneurship and strategy reveals very little focus on the notion of confidence. Busenitz and Barney's (1997) study is one of the few consider confidence in the context of entrepreneurs. Ramamurti (1986) is one of the few to address the notion of confidence in the context of government organisations, noting that public entrepreneurs are characterised by a confidence to adopt new methods, take on new projects, and transform ideas into reality. Perhaps the closest concept which broaches this issue within the literature on strategy is proactiveness; a concept commonly associated with corporate entrepreneurship (Morris & Kuratko, 2002). Specifically proactiveness is referred to as a willingness and enthusiasm to undertake new projects (Covin & Slevin, 1989); acting in anticipation of change, rather than reacting to it (Lumpkin & Dess, 1996); to lead rather than follow (Dess et al., 1997). Essentially however, the concepts of proactiveness and confidence remain two separate themes, and it is this latter theme which emerges from the case study findings.

Within both MetService and NZ Post in particular, confidence emerges as an important concept: confidence in the skills of the organisation, confidence to take on new projects. While the notion of confidence is not directly addressed in the literature on strategic entrepreneurship, one reason for this may be the context of study. As detailed in Chapter 4, government organisations are often labelled as risk-adverse (Zahra & Hansen, 2000) and characterised by a reluctance to enter into new business ventures, given the risk of failure. Hence the commercial mindset necessary for government departments with a profit orientation requires a significant change in attitude and culture (Ramamurti, 1986). This change was clearly noted within all three of the organisations studied.

Thus the notion of culture emerges only as a very general issue from the case studies, with a particular emphasis on confidence. The notion of confidence within the broader concept of culture is therefore, an important development in the understanding of strategic entrepreneurship, and more specifically strategic entrepreneurship in the context of government organisations.

The lack of literature on this topic may perhaps be attributable to the tendency of existing research to focus on private organisations in the context of entrepreneurship and strategy (Bahaee & Prasad, 1992; Ramamurti, 1986). On the basis that this study focused solely on government organisations, the association between confidence and strategic entrepreneurship in private organisations remains an issue for further research.

b) People

Within the literature on strategic entrepreneurship the issue of people is addressed within the context of management (Ireland et al., 2001) and employees (Ireland et al., 2003). Within strategy literature, significant emphasis is placed upon leadership by a single or dominant individual (Mintzberg, 1973) and more recently on top management teams (Ireland et al., 2001). Ireland et al. (2003) also make a very general reference to human capital within the context of managing resources strategically, noting that adequate investment must be made in human resources to facilitate strategic entrepreneurship.

Within each of the case study findings the importance of people is repeatedly emphasized. This emphasis also emerges from two levels in particular: employees and customers (as opposed to individual leaders or top management). Each of these aspects is considered below.

While the notion of people within the organisation is often considered as part of human resource management, within the broader concept of culture (Johnson, 2000; Snell, Shadur, & Wright, 2001), case study findings reveal specific attention to the individuals within the organisation who develop ideas and innovations, share and adopt a common vision, and identify opportunities for the organisation, effectively establishes an environment which promotes strategic entrepreneurship. Thus, while a specific appreciation of employees is not vital to strategic entrepreneurship in the context of the case studies, certainly it establishes an environment which is conducive to fostering strategic entrepreneurship.

This is perhaps highlighted by the comments of Hogg (2004) with respect to staff within NZ Post. In an organisation which employs approximately one in every 100 New Zealanders, Hogg recalled numerous stories of individual staff members, showing a genuine appreciation of the value they bring to the organisation, and the valuable opportunities NZ Post has been able to offer them in return.

> We have a lot of people who have worked in the core processing business, who have at some stage turned into international consultants. [Consequently] we've had a lot of lovely stories about people going [overseas], being part of a team, and making huge strides in their confidence (Hogg).

This emphasis is consistent with the views of Ramamurti (1986) and Morris and Kuratko (2002) such that entrepreneurship does not happen without individuals. This finding also emphasises that entrepreneurship is encouraged through teams: a motivated group of people, each with their own skills and contribution. Hence the notion of entrepreneurship being fostered by a single dominant leader (Mintzberg, 1973), or a general reference to the importance of acquiring the necessary skills through human capital (Ireland et al., 2003) seems perhaps a misleading or inadequate explanation of strategic entrepreneurship.

Similarly, comparison of the case studies also reveals the notion of valuing customers as an important element of strategic entrepreneurship (Barwise & Meehan, 2004; Miller, 1993; Treacy & Wiersema, 1993). While the importance of customer focus and the association between people (employee) strategies and customer value (Gubman, 1995) is recognised in a general strategy context, it has not previously been identified within strategic entrepreneurship. Thus the emergence of customer focus as a strong supporting element for strategic entrepreneurship is an important development. As noted within MetService, NZ Post, and Quotable Value, an awareness and understanding of customer requirements and needs provides an enhanced

position from which to identify opportunities and develop innovations: two of the core elements of strategic entrepreneurship. Returning to MetService's Annual Report (2003), a clear focus on customers was evident: "We make it our business to understand what we can do for our customers." Hence the extension and relevance of this concept to strategic entrepreneurship is both an important finding and an important development in the understanding of strategic entrepreneurship.

8.3.3 Branding

Within the literature the notion of branding is examined in the context of strategy (Easton, 2004; Quelch & Deshpande, 2004) and entrepreneurship, both public (Ramamurti, 1986) and private (Koehn, 2001), as one of many variables which may assist businesses with strategic positioning and entrepreneurial success. Within the context of strategic entrepreneurship, however, no such reference or relationship has been drawn.

Based on a review and comparison of the case study findings, branding does emerge as an important aspect of strategic entrepreneurship. Once again, the disparity between theory within the literature and practical findings from the case studies may be a reflection of the context of the case studies as three government organisations (and SOEs in particular). Thus the issue of branding may be specific to government organisations or SOEs in particular, and ultimately remains an issue for further research.

Returning to the discussion in Chapter 4 on the association between government organisations and inefficiency, unnecessary bureaucracy, and lack of commercial focus (Moe, 1994; Wilson, 1989); it is perhaps understandable that government organisations (SOEs or otherwise) which do adopt a commercial focus and operate in a competitive market would deliberately differentiate the business from traditional government organisations.

As noted by Lumsden (2004):

> We use the brand Metra when we're overseas because we don't want people to get confused with the traditional meteorological service. The [national] meteorological service doesn't stack up too well when you're selling energy generators in other countries. You have to explain your government ownership, but your commercial focus. So we decided to brand ourselves.

Thus the issue of branding may be viewed as relevant to government organisations in general and SOEs in particular. Ramamurti (1986) addresses this issue in the context of culture, suggesting public entrepreneurs take every opportunity to distinguish the organisation from the norm of public sector culture by way of relatively simple acts such as introducing new logos.

In the context of Quotable Value, the issue of profile rather than branding emerges as specifically relevant to the business' operations. This may perhaps be due to the relatively early stage of growth for Quotable Value in terms of organisational development, as it continues to evolve and establish an enhanced reputation for its products and services. "It's fair to say that E-Valuer is not commonly known in New Zealand, let alone offshore" (Langridge, 2005a). In contrast, MetService was well established within the meteorological industry; NZ Post was referred to as "a national icon" (Hogg, 2004). Thus establishing a profile is perhaps the first step to further growth. Once established, the issue of branding may then become increasingly relevant to Quotable Value. Thus this finding represents a subtle but important development in the understanding of strategic entrepreneurship, particularly in the context of government organisations or SOEs.

Hence, based on the findings from each of the three case studies, recurring themes of strategy, culture (in the context of confidence and people), and branding, provide further insight into the concept of strategic entrepreneurship for businesses in general, and state-owned enterprises in particular. Returning to the discussion on the six elements central to strategic entrepreneurship (Section 8.2), a number of themes also emerged in support of the core elements. Specifically these elements include operational excellence, cost efficiency, and transfer and application of knowledge. Accordingly these themes are now re-considered in the context of secondary or supporting elements of strategic entrepreneurship.

8.3.4 Operational excellence

While the literature on entrepreneurship and strategic entrepreneurship does not specifically address the notion of operational excellence, this issue is addressed in the literature on strategy, in the context of paths to market leadership (Treacy & Wiersema, 1993), an internal safety system (Canterella, 1998), core competencies (Prahalad & Hamel, 1990), and competitive advantage (Barney, 1991). Essentially, however, there is a lack of emphasis on the importance of operational excellence within core competencies and capabilities, in the context of strategic

entrepreneurship.

Based on the data and findings for each of the three case studies, there is a strong awareness of, and emphasis on developing core capabilities (MetService, NZ Post) or strategic resources (Quotable Value), and ensuring operational excellence with respect to those capabilities and resources. Specifically this enabled each of the organisations to leverage from those capabilities and resources in identifying opportunities, thereby incorporating flexibility within the vision to facilitate growth.

By way of example, Lumsden (2004) acknowledges MetService has a capability for forecasting "for any particular spot on earth". Langridge (2005a) notes the value of Quotable Value's database is its consistency and completeness. Hogg (2004) explains NZ Post was recognised within the industry for its efficient processes. Hence establishing core capabilities and resources, and developing operational excellence in relation to those capabilities and resources, provides strong support for businesses in their search for strategic entrepreneurship. Specifically operational excellence was associated with a number of core concepts: opportunity identification, innovation, acceptance of risk, flexibility, vision, and growth. Thus the existence of operational excellence may be viewed as an important supporting concept of strategic entrepreneurship.

Hence this finding represents an important development in the understanding of strategic entrepreneurship, by identifying not only the core elements of this concept, but also elements which further support the establishment of strategic entrepreneurship.

8.3.5 Cost efficiency

The notion of cost efficiency is not widely addressed in the literature on entrepreneurship or strategic entrepreneurship. Bhide (1994) is one of the few to address this topic in the context of entrepreneurship, and contends entrepreneurs tend to favour ventures which are low cost rather than capital intensive. Within the literature on strategy, however, certainly an awareness of cost is an important aspect (Barwise & Meehan, 2004; Porter, 1980). Dess et al.'s study (1997) is one of the few to broach this topic in the context of both entrepreneurship and strategy, and suggests cost leadership may in fact be inconsistent with innovative pursuits considered fundamental to entrepreneurial strategy-making. Similar concerns are noted by Venkataraman and Sarasvathy

(2001) and Mintzberg (1991), who refer to a tension or conflict between creativity and cost efficiency.

Based on the case study findings, cost efficiency is an important theme which emerges from each of the three cases. While not viewed as central to strategic entrepreneurship, certainly it provided a benefit to each of the organisations in establishing strategic entrepreneurship. Specifically operating within a low cost structure was associated with opportunity identification, innovation, flexibility, and risk; such that businesses have the flexibility to pursue opportunities and innovations without committing significant costs to the project (MetService). Cost efficiency also assisted in managing or minimising the relevant on-going financial risks. Further, the issue of operating within a low cost structure provided NZ Post with the flexibility to offer low cost services to customers.

The issue of cost efficiency from the case study findings may in part be reflective of the organisations' commercial imperative due to their designation as SOEs. Thus, a formal requirement to make profits and a shift from continued government funding meant that each of the organisations was increasingly aware of the requirement to finance their own operations. While operating within a low cost structure is not unique to government organisations, the changes in funding arrangements and accountability for commercial results may have resulted in a heightened awareness of the importance to search for opportunities and innovations while maintaining a low cost structure.

Thus, the lack of emphasis on cost minimisation within strategic entrepreneurship literature is clearly inconsistent with the case study findings. Such findings should therefore be highlighted to illustrate both the application and importance of this concept to strategic entrepreneurship. Specifically an awareness of cost efficiency is important not only to established products and services, but also to exploring opportunities and developing innovations aligned with cost leadership. Thus this is relevant to industries and businesses which recognise the importance of minimising operational costs related to existing products and services, and also investing in further research to pursue ideas and innovations which assist in both creation of new products and refinement (e.g. cost reduction) of existing products. Hence the notion of cost leadership can be extended to both core business operations, as well as investment in research and development. Thus, this represents an important development in the understanding of strategic entrepreneurship, and reveals an aspect of strategic entrepreneurship which has perhaps been

confused or overlooked within the literature.

8.3.6 Transfer and application of knowledge

While the transfer and application of knowledge is addressed in the literature relating to strategy (Bissell, 1997; Hargadon, 1998), literature on entrepreneurship and strategic entrepreneurship in particular provides very little insight into the importance of this concept. Specifically the literature on strategy refers to knowledge brokering: leveraging from existing knowledge, and applying that knowledge in new ways (Bissell, 1997; Hargadon, 1998). The literature on strategic entrepreneurship, however, largely overlooks the practical steps involved in identifying opportunities and developing innovations other than providing very general guidance such as making sense of opportunities, and questioning the dominant logic (Ireland et al., 2003).

Based on the case study findings the transfer and application of knowledge does emerge as an important support for strategic entrepreneurship. Again, this theme does not seem universally central to or essential for the creation of strategic entrepreneurship in every situation; but repeatedly surfaces from the case study findings as a strong supporting factor within the activities examined. As noted previously, the findings indicate transfer and application of knowledge provides an important pathway to opportunity identification, innovation, and flexibility; and is perhaps highlighted by Lumsden's (2004) comment noted earlier: "I think most of the things we do are some form of adaptation. Solar stuff's not new, but the combination of that with cell phone technology has made a huge difference". This is further reinforced through Quotable Value's application of a professional methodology to an online service; NZ Post's application of it's existing infrastructure and payment processing skills to quickly establish a retail banking network. Thus this finding represents an important development in the understanding of strategic entrepreneurship, and the potential pathways or elements which effectively support the creation of strategic entrepreneurship.

Hence based on the above, six themes emerge as strong supporting elements for strategic entrepreneurship: strategy, culture (including people and confidence), branding or profile, operational excellence, cost efficiency, and transfer and application of knowledge. The support offered by these themes to the core elements of strategic entrepreneurship is highlighted in Table 8.2 below.

Table 8.2   Supporting elements of strategic entrepreneurship

Supporting elements of SE	Related core elements of SE
Strategy	• either formal or informal, but closely aligned with *vision*
Culture • Confidence • People	• no specific culture identified or associated with SE, but one which encompasses confidence and people • confidence in core capabilities assists *identifying opportunities* and *innovations* • confidence to *accept and manage risks* • emphasis on both staff helps to ensure commitment to a shared *vision* • strong customer focus supports both *opportunity identification* and applied *innovation*
Branding	• brand differentiation in the context of government organisations or SOEs • establishing a profile to enable further *growth* in reputation and business operations
Operational excellence	• assists in *identifying opportunity internally* by leveraging from core capabilities • results in increased recognition, such that opportunities may be *identified externally* • foundation for *acceptance of risk*
Cost efficiency	• assists in pursuing *innovations* and *opportunities identified* • effective tool for *managing risk* • provides financial *flexibility*
Transfer and application of knowledge	• assists in the identification of *opportunity* and *innovation* • reinforces *flexibility* within *vision*

Specifically this table summarises the emergence and relationship of these themes to the core concepts, based on the data and findings. Table 8.3 (below) further highlights and reinforces the relevance of the supporting concepts to each of the core elements of strategic entrepreneurship, based on the discussion in Sections 8.2 and 8.3.

Table 8.3   Relationship between fundamental and supporting elements
of strategic entrepreneurship

	Opportunity identification	Innovation	Acceptance of risk	Flexibility	Vision	Growth
Strategy				✓	✓	
Culture	✓	✓	✓	✓	✓	✓
Branding	✓				✓	✓
Operational excellence	✓	✓	✓	✓	✓	✓
Cost minimisation	✓	✓	✓			✓
Transfer and application of knowledge	✓	✓	✓	✓	✓	✓

From the first row of Table 8.3, a close relationship between strategy, vision, and flexibility is indicated (by a tick), based on the relevant case study data. Similarly, rows headed "Culture", "Operational excellence", and "Transfer and application of knowledge" also indicate a clear relationship exists between these elements and each of the six elements considered central to strategic entrepreneurship, based on the case study data and findings.

Thus, based on the above Proposition 1 can be more appropriately represented by two complementary propositions: P1A which addresses the core elements of strategic entrepreneurship, and P1B which addresses the secondary or supporting elements of strategic entrepreneurship, as detailed below.

P1A: *Strategic entrepreneurship is based on the fundamental elements of opportunity recognition, innovation, acceptance of risk, flexibility, vision and growth. Collectively these elements represent the independent concept of strategic entrepreneurship which is a potential source of competitive advantage.*

P1B: *Strategy, culture, branding, operational excellence, cost efficiency, and transfer and application of knowledge, represent secondary or supporting elements of strategic entrepreneurship which effectively assist in establishing an environment conducive to creating strategic entrepreneurship.*

Returning to the literature on strategic entrepreneurship reviewed in Chapter 2, a number of other concepts were also presented as central to strategic entrepreneurship (Hitt et al., 2001; Ireland et al., 2001; Ireland et al., 2003). Based on a review of the literature on both entrepreneurship and strategy, these concepts were considered but not included in the six elements of the proposed framework, due to the perceived lack of theoretical support. Given the practical data and findings on strategic entrepreneurship as part of this study, such elements may now be re-examined in a practical context. Such is the focus of the following section.

8.4 Re-examining the literature on strategic entrepreneurship

As noted previously, much of the literature on strategic entrepreneurship involves theoretical

frameworks which are not supported with practical data or findings, and at times seem inconsistent with theory rooted in the founding concepts of entrepreneurship and strategy. Thus, common findings from the three case studies within this research provide the opportunity to re-examine theoretical concepts presented in the literature, in a practical context. Accordingly this section re-examines such concepts to determine whether practical support does in fact exist, and to consider whether some of these concepts may be incorporated in the proposed framework or redefined to better capture the relevant underlying element within strategic entrepreneurship.

8.4.1 Networks and alliances

The notion of networks and alliances is proposed by both Ireland et al. (2001) and Hitt et al. (2001) as central to strategic entrepreneurship. Eisenhardt et al. (2000) also support this association, referring to co-adaptation and collaboration both internal and external, as essential for growth. As noted previously however, the notions of networks, alliances, and working with others is seemingly inconsistent with the concept of entrepreneurship, often characterised by a sense of autonomy and self-reliance (Drucker, 1985); and an entrepreneurial orientation (Lumpkin & Dess, 1996) which expressly refers to autonomy within that orientation.

Based on a review and comparison of the case study findings, however, arguably it is not specifically networks and alliances which emerges as relevant to strategic entrepreneurship, but rather the more poignant notion of a strong customer focus (Barwise & Meehan, 2004; Miller, 1993), which may have been misinterpreted as networks and alliances, particularly in the context of external customer relationships.

Certainly the notion of a strong customer focus repeatedly surfaces as an important aspect within each of the three case studies. The extent of this focus is reflected in the comments of interviewees, who at times inadvertently confuse the formal relationships established with customers, based on their perception of the effective customer relationships. By way of example Hogg (2004) initially referred to NZ Post's relationship with the 86 organisations which it accepts payments on behalf of, as a "*partnership*". Only after specific questioning was the formal relationship clarified as a customer relationship. Specifically what Hogg was referring to, was the manner in which NZ Post works in co-operation with customers; a joint effort providing mutual benefits.

Similar references emerge in the context of the MetService and Quotable Value case studies as Lumsden (2004) and Langridge (2005a) refer to working with customers, rather than working for them. The comments of Sandra Hunter of Dunedin City Council (in Quotable Value, 2003) further reinforce this notion as she refers to the great working relationship the council has with Quotable Value, as a customer. Hence the extent of a strong customer focus often blurs the nature of the actual relationship arguably for both researchers and practitioners.

Essentially however the underlying concept which reflects a strong working relationship, working closely with customers to ensure they are satisfied, and establishing a sense of teamwork through co-operation with customers, is a strong customer focus. As such the proposed element of networks and alliances may be more appropriately defined as a strong customer focus. This represents both an important distinction and development in the understanding of strategic entrepreneurship, and is perhaps highlighted in MetService's Annual Report (2003, p. 5): "We make it our business to understand what we can do to generate value for our customers. These strong working relationships help us develop our business and make a valid contribution to yours."

With respect to the notion of partnerships or alliances, Hogg (2004) notes "it depends", drawing a distinction between situations where potential partners have complementary resources which may be useful, and situations where such resources can be developed or acquired in-house. Thus, a general support for partnerships within the context of strategic entrepreneurship seems inappropriate.

8.4.2 Internationalisation

While growth is commonly referred to in the literature on strategy (Hitt et al., 2001; Hussey, 2000), and to a lesser extent, entrepreneurship (Carland et al., 1984; Marshall, 1890, 1893), early literature on strategic entrepreneurship repeatedly emphasises the notion of internationalisation (Hitt et al., 2001; Ireland et al., 2001). Specifically Ireland et al. (2001) contend internationalisation facilitates expansion quickly; Hitt et al. (2001) refer to internationalisation as enhancing entrepreneurial opportunity. Examination of this concept in both a theoretical and practical context however, suggests internationalisation is one avenue for growth, but ultimately it is not the only avenue. As such the concept of internationalisation may be unnecessarily specific and

narrow, and may be more appropriately classified as growth (Fesser & Willard, 1990). As noted previously, the concept of growth was a recurring and central theme within each of the case studies, and emerged as a multifaceted concept. Thus growth was not specific to national or international markets, but encompassed growth in the scope of business (Bird, 1988), growth in business development (Marshall, 1890, 1893), and growth in terms of reward: increased recognition and internal satisfaction (McClelland, 1961).

While each of the organisations involved in the case studies had extended the scope of its operations to international markets, in each case the activity identified as entrepreneurial and strategic was undertaken in New Zealand, and did not specifically involve an international focus. Further, while the activity studied within MetService and Quotable Value was recognised as having potential for further growth in international markets, the activity of Kiwibank within NZ Post was specific to New Zealand's domestic market, and an important aspect of Kiwibank's competitive advantage was its New Zealandness. Further examination of NZ Post reveals that prior activities in international markets had varying success. In particular consultancy projects in South Africa and Spain were widely recognised as unsuccessful (Mold, 2002; Van den Bergh, 2004a). Thus an emphasis on growth in the appropriate context rather than growth necessarily in an international context represents an important distinction (Fesser & Willard, 1990) and an important development in the understanding of strategic entrepreneurship. On that basis the concept of internationalisation should be redefined as growth.

8.4.3 Organisational learning

Within the frameworks of strategic entrepreneurship put forward by Ireland et al. (2001), and Hitt et al. (2001), organisational learning is a central theme. Specifically they refer to organisational learning in the context of transferring knowledge within the organisation, developing resources (Ireland et al., 2001), and generating new knowledge (Hitt et al., 2001). This is also alluded to by Eisenhardt et al. (2000) through the concept of experimentation, which encompasses learning from failure.

With respect to the case study findings, however, organisational learning does not emerge as a distinct and separate theme central to strategic entrepreneurship, but rather is reflected in the concepts of confidence and growth. Specifically organisational learning is associated with the

notion of confidence, as both MetService and NZ Post acknowledged the importance of developing confidence in the organisation's skills. In the context of MetService, Lumsden comments on "learning to have confidence in ourselves. We realised we didn't have to be too frightened of things not working out…we had the skills in getting things to work once we analysed them". This is further reinforced through the comments of Hogg (2004) regarding her views on the importance of confidence, and a belief in the skills of the organisation, as central to success.

As noted previously, the issue of confidence within the case studies may be attributable to the nature of the organisations being SOEs (Ramamurti, 1986). Irrespective of the context however, the underlying concept which emerges from these comments is in fact confidence and learning to develop that confidence, rather than the more general concept organisational learning, often associated with developing operational skills and expertise (Ireland et al., 2001).

A review of organisational learning with respect to the case study findings, suggests the concept of organisational learning may also be reflected in the core element of growth. Specifically the discussion on growth identified several aspects to this concept including growth in the scope of business, growth in the development of the organisation, and growth through reward. In particular, the second of these three categories: growth in the development of the organisation (Ford, 1997) encompassed maturity, learning from experience, and developing expertise. Thus, organisational learning is included in this second category, and is therefore considered central to strategic entrepreneurship as part of the broader concept of growth. On that basis, organisational learning may be more appropriately viewed as one aspect of the broader concept of growth.

8.4.4 Top management teams and governance

The notion of top management teams and governance was presented as one of the six domains of strategic entrepreneurship by Ireland et al. (2001). Specifically they contend that strong leadership together with effective selection and implementation of strategies is central to strategic entrepreneurship. It is perhaps an example of literature which reflects the strategic roots of strategic entrepreneurship, but inadvertently overlooks the entrepreneurial roots of this concept.

Both top management teams (Morden, 2004; Pearce & Conger, 2003) and governance (De Kluyver, 2003; Fitzroy & Hulbert, 2005) are emphasised within the literature on strategy and

strategic management. Arguably, however, they represent two of many diverse aspects within strategic management, rather than a concept which is fundamental to strategic entrepreneurship. Within the literature on entrepreneurship, the importance of management is commonly addressed in the context of a strong, dominant leader (Mintzberg, 1973). Hence an emphasis on management from a distinctly different perspective emerges.

Returning to the case study findings, however, management guidance can be identified, but does not emerge as either a central or supporting concept. This may in part be due to management guidance being a more subtle aspect of the leadership style within the organisations examined. Specifically the three organisations examined within this study seemed to encourage staff to adopt or share the vision of the organisation, and act with a sense of freedom and flexibility in applying that vision.

Thus themes which do emerge as a reflection of management include a shared vision and a culture which recognises and values staff within the organisation (Canterella, 1998). The implication of these concepts is such that the organisation's vision is collectively shared by staff. This is similar to Dolan, Garcia, and Auerbach's (2003) notion of management by values. As a result opportunity identification and innovation become tasks addressed by all staff throughout the organisation, rather than relying upon a small number of leaders or managers to address these tasks in isolation. This collective effort effectively enhances the search for strategic entrepreneurship, and strengthens the culture of the organisation. Thus a reference to only top management or leaders seems an unnecessarily and inappropriately narrow view of strategic entrepreneurship. As noted by Kuratko, Ireland, and Hornsby (2001), ultimate responsibility for vision may rest with top management, but where employees are involved and included in developing a vision, that vision effectively becomes a commitment by employees to act entrepreneurially. As such, the notion of top management teams and governance may be more appropriately classified as a shared vision, supported by a culture which recognises and values staff.

8.4.5 Resources

Within both Hitt et al. (2001) and Ireland et al. (2003) resources and the strategic management of resources are presented as central to strategic entrepreneurship. In particular Ireland et al.

(2003) refer to structuring the resource portfolio, bundling resources, and leveraging capabilities, as important elements of managing resources. Within the literature on strategy, the strategic management of resources is the subject of significant attention. Barney (1991) presents the resource based view of the firm; Porter (1980) claims unique competitive advantage is grounded in the resources and capabilities of a firm. Within entrepreneurship literature, however, significant emphasis is placed on the skills and abilities of the entrepreneur (McMullan & Gillan, 2001; Shane & Venkataraman, 2000). Such skills commonly include opportunity identification (Shane, 2003) and innovation (Schumpeter, 1934), with only a small emphasis on the strategic management of resources. Thus it seems questionable as to how strategic management of resources could represent the intersection of strategy and entrepreneurship, when very little emphasis is placed on this concept from an entrepreneurship viewpoint.

Based on the case study findings, strategic entrepreneurship emerges not specifically from the resources or a general notion of managing those resources strategically, but rather the creativity and innovation of individuals to identify opportunities. This is consistent with Venkataraman and Sarasvathy (2001) who note the effectiveness of the individual as central to both entrepreneurship and strategy. In particular they contend that "the mere existence of or access to resources does not by itself explain firm performance. How firms use those resources matters greatly"(p. 165). With respect to strategic entrepreneurship, essentially the effective use of resources goes beyond strategic management (creating competitive advantage), to also encompass entrepreneurial aspects such as creativity and innovation. Thus, the reference to resources or strategic management of resources is reflective of strategy rather than the intersection of strategy and entrepreneurship, and therefore seems inappropriate as a key concept of strategic entrepreneurship. This represents both an important distinction and further development in the understanding of strategic entrepreneurship: identifying elements which are central to this concept, as well as those elements which are not central.

8.4.6 Other elements and issues within the literature

Other concepts associated with strategic entrepreneurship within the literature include wealth creation (Ireland et al., 2001), an emphasis on strategic entrepreneurship at the organisational level (Hitt et al., 2001), the notion of human capital within the strategic management of resources (Ireland et al., 2003), and the extent of detail presented in the proposed models of strategic

entrepreneurship (Ireland et al., 2003). The association between wealth creation and strategic entrepreneurship, and the emphasis on strategic entrepreneurship at the organisational level are considered in Sections 8.7 and 8.5 respectively. The issues of human capital and the extent of detail presented in the literature are considered briefly below.

As discussed previously, the reference to investing in human capital (Ireland et al., 2003) seems a rather detached and inadequate account of employees' role in strategic entrepreneurship based on the literature (Collins & Porras, 1994; Morris & Kuratko, 2002) and case study findings. Rather, the importance of employees' contributions through their willingness to adopt a shared vision, and actively contribute to that vision, is an important concept within strategic entrepreneurship, and is acknowledged within each of the three case studies.

With respect to the detail presented by Ireland et al. (2003) within their model of strategic entrepreneurship, this is also surprising given the lack of empirical support and the significant differences presented within that model, compared to the authors' previous theories on strategic entrepreneurship (Hitt et al., 2001; Ireland et al., 2001). Example of such detail includes references to the allocation of sufficient financial capital to acquire the necessary human and social capital, and the notion of balancing radical and incremental innovation. Based on the case study data, specific support does not exist for either of these elements. Essentially what does unfold from the data is a very basic understanding of the core and supporting concepts relating to a topic on which little is known. Thus, to propose such detail without any practical substantiation seems to be of little value, when the basic elements are still being understood. These issues are summarised in Table 8.4 below.

The first of the two columns in the table refers to themes presented within the literature as related to strategic entrepreneurship. The second column identifies the underlying concept referred to within that theme. Based on this table and the related discussion, many of the themes presented within the literature can be accounted for within the case study data. Ultimately, however, the literature has often identified surrounding issues rather than underlying concepts, or effects rather than causes or core elements of strategic entrepreneurship. Discussion and clarification of these surrounding issues and effects effectively assists in refining the understanding of strategic entrepreneurship, thereby enhancing the understanding of this concept. In a similar vein, the following sections consider the remaining three propositions in light of the case study data for the purposes of developing the understanding of strategic entrepreneurship.

Table 8.4   Themes identified within the literature on strategic entrepreneurship

Themes identified in the literature	Underlying concepts identified in practice which more precisely identify the concepts relevant to SE
Networks (Ireland et al., 2001) External networks and alliances (Hitt et al., 2001)	Strong customer focus to establish working relationships; • working together for a common goal • customers as one aspect within "people" • customer focus can be an important path to opportunity identification, applied innovation, and vision
Internationalisation (Ireland et al., 2001)	Growth in various contexts, one of which is internationalisation; • expanding into markets which are strategic and offer opportunities • SE for NZ Post in particular arises in the context of national rather than international operations
Organisational learning (Ireland et al., 2001; Hitt et al., 2001)	Confidence within the organisation's skills and abilities; • learning though experience to develop confidence in core capabilities • development reflected in the growth of the business
Top management teams and governance (Ireland et al., 2001)	Shared vision such that the core elements of SE are embraced by everyone within the organisation; • supported by a strong culture, and a genuine concern for staff
Resources (Hitt et al., 2001)	Establishing core capabilities, and operational excellence; • gaining recognition for those capabilities can be an important path to (external) opportunity identification • leveraging from those capabilities and resources (in the case of QV) can be an important path to opportunity identification, applied innovation, vision
Wealth creation (Ireland et al., 2001; Hitt et al., 2001, Ireland et al., 2003)	SE provides the potential for wealth creation; • thus a potential rather than a direct relationship • depends on changes in the internal and external environment, and the business' response to those changes
Emphasis on SE at the organisational level (Ireland et al., 2001; Hitt et al., 2001, Ireland et al., 2003)	SE is possible within businesses of all sizes and forms; • SE is essentially an act or activity of an entrepreneurial and strategic nature, not limited to a particular context
Emphasis on human capital within the strategic management of resources (Ireland et al., 2003)	"People" identified as a supporting element of SE; • two aspects to people include staff and customers • a genuine concern for staff is an important support for SE, reflected through opportunities identified (for staff), flexibility (of the work environment)
Extent of detail; A balance of radical and incremental innovation Absorptive versus realised capacity Sufficient financial capital to acquire human and social capital (Ireland et al., 2003)	Understanding of SE remains in the initial stages, thus a simplistic framework seems feasible, as a starting point to understand this concept; • applied innovation central to SE, with no particular emphasis specifically on radical or incremental innovation • search for opportunities emphasised rather than radical innovation; such opportunities may be an extension of previous projects (incremental) or markedly different (radical)

8.5 Scope of strategic entrepreneurship

The second proposition within the proposed framework is such that:

P2:   Strategic entrepreneurship is not relevant to a particular domain, but rather can be applied to various levels and forms of business.

As noted previously, the literature on this issue either implies (Ireland et al., 2003) or expressly refers (Hitt et al., 2001) to strategic entrepreneurship as an organisational concept. While Ireland et al. (2003) contend that strategic entrepreneurship applies to firms of all levels and sizes, essentially the focus of strategic entrepreneurship remains at the firm level.   Based on entrepreneurship and strategy literature, however, both entrepreneurship and strategic management (Bird, 1988; Drucker, 1985) are increasingly recognised as acts or activities which are not limited to a particular context. Somewhat ironically, this concept is highlighted by Miller (1983) in his study of entrepreneurship correlates in three types of firms, as he highlights the role or process of entrepreneurship is equally relevant to one central actor as it is to entire organisations.

With respect to the case study findings, the real world context of the activities and organisations studied, mean it is not possible to manipulate the variables of size and form in order to test this proposition. Thus, it becomes necessary to consider this notion from a hypothetical or theoretical perspective, based on the comments of interviewees directly involved with these organisations and an analysis of the case study data. Based on such analysis support does exist for this proposition and is considered in further detail below.

Examination of the organisations involved in each of the case studies reveals that all three organisations are classified as large within the context of New Zealand businesses (Cameron & Massey, 1999). Comments made by each of the interviewees however, indicates size of the organisation is not necessarily a contributing factor to strategic entrepreneurship. In particular Lumsden (2004) expresses concern if there was any increase in the size of MetService. "I'd be very worried if we got much bigger than what we are. I think you'd want to have another one, rather than two together" (Lumsden, 2004).

Similar comments are made in relation to the nature of the organisations as SOEs. Hogg (2004) notes NZ Post operates in a competitive market and competes with organisations both public and private. Langridge (2005a) indicates the change from a crown entity to a SOE has not changed the way in which Quotable Value operates. Certainly the existing infrastructure of NZ Post may be viewed as significant benefit to the organisation when establishing Kiwibank, but the combination and integration of identifying opportunities on a number of levels, innovation, acceptance of risk, vision, flexibility, and growth; suggest it is the *content* (design and implementation of acts which are both entrepreneurial and strategic) which is central to strategic entrepreneurship, rather than the *context.* While such a large scale project requires substantial capital, equipment, and infrastructure; essentially it is the act or implementation of an activity, both strategic and entrepreneurial in nature, which constitutes strategic entrepreneurship. The distinction is also highlighted by Hogg's (2004) comments that a similar opportunity was available to the supermarket chain Foodstuff (with respect to size), and that the establishment of a bank by a SOE was essentially an obstacle rather than an advantage (referring to the form of business).

All three organisations were very aware of their commercial imperative. Thus, businesses which adopt a commercial and entrepreneurial focus, public or private, SOE or otherwise; have the opportunity to establish strategic entrepreneurship. Arguably, a business of any size or form has the potential to conduct such activity, provided the necessary skills and resources are obtained or acquired. It is difficult to conceive however, that such skills are directly related to the size or form of an organisation; particularly a large government organisation, the nature of which is traditionally associated with financial and operational inefficiencies (Zahra & Hansen, 2000). Essentially the defining characteristics of such activity are its entrepreneurial and strategic nature, rather than the context in which that activity occurs. Hence, provided a business is equipped with the necessary entrepreneurial and strategic skills, strategic entrepreneurship may be created.

While the literature on strategic entrepreneurship (Hitt et al., 2001; Ireland et al., 2001; Ireland et al., 2003) acknowledges that the concept of strategic entrepreneurship may apply to all organisations both large and small, research continues to focus on strategic entrepreneurship at the organisational level. Essentially however, what emerges from the case studies is that strategic entrepreneurship is an act or activity which may be undertaken by businesses of all forms; from sole traders to multinational organisations. Just as entrepreneurship can be applied to individuals and organisations in business, so too can strategic entrepreneurship, provided the necessary skills exist.

8.6 Operation of strategic entrepreneurship

The third proposition relates to the operation of strategic entrepreneurship and provides:

P3:   If all elements are not present, integrated, and operating in a common direction, the concept of strategic entrepreneurship is incomplete. Thus, elements which do exist are not bound within the circle and may interact, complement, or conflict with other internal and external elements.

Within the literature the notion of integration is addressed comprehensively by Mintzberg (1991) in the context of effective organisations, but only briefly by Ireland et al. (2001), Hitt et al. (2001), and Ireland et al. (2003) in the context of strategic entrepreneurship. In particular, Ireland et al. (2001) broach the topic of integrating all fundamental elements; Ireland et al. (2003) include a brief reference to this. Essentially however, there is very little discussion of the notion of integration.

Based on the case study findings, the notion of all core elements existing and integrated clearly emerges from each of the case studies. Throughout the discussion thus far, the interrelationship between the core concepts is evident within Weatherscape XT (MetService), Kiwibank (NZ Post), and E-Valuer (Quotable Value). The extent of this relationship is perhaps highlighted by the individual case study findings which often present a combination of two core concepts (e.g. identifying the opportunity to innovate). Essentially this is a reflection of the difficulty involved in isolating or separating individual elements from others, or drawing a clear distinction between the various elements. The close relationship of each of the core elements is summarised in Table 8.5 below, which presents a matrix of each of the core elements, and identifies the various relationships between these concepts. Notes to the table provide specific examples of these relationships, in the context of the three case studies. Thus the integrated nature of these concepts is highlighted with respect to the creation of strategic entrepreneurship.

Table 8.5   Integration of elements central to strategic entrepreneurship

	Opportunity identification	Innovation	Acceptance of risk	Flexibility	Vision
Innovation	Identifying opportunity to apply creativity & pragmatism in innovations (1)				
Acceptance of risk	Identifying the opportunity to manage risk (2)	Accepting risks associated with innovative projects (6)			
Flexibility	Identifying the opportunity to incorporate flexibility (3)	Innovation & flexibility within customer focused products (7)	Flexibility to identify and manage risk (10)		
Vision	Identify diverse opportunities within the scope of vision (4)	Vision to innovate; innovations consistent with the organisation's vision (8)	Vision to identify risks and ensure that risk is managed/mitigated 11)	Flexibility to identify diverse opportunities within a single vision (13)	
Growth	Identify opportunities for growth (5)	Growth in the number of innovations, innovation leading to growth (9)	Acceptance of risk leading to growth in products/ services and profits 12)	Flexibility to identify various opportunities for growth in different contexts (14)	Identifying opportunities for growth; Seeing the opportunities as viable (15)

(1) Creative, flexible, and user friendly software (MetService).

(2) Hiring qualified bankers and doing a comprehensive business case (NZ Post).

(3) Making property data available online and introducing E-Valuer as an instant online valuation service (QV).

(4) Applying weather forecasting skills to television production, energy forecasts, turbulence forecasts (MetService).

(5) Growing profits, increased customer base, and scope of business through the introduction of Kiwibank (NZ Post)

(6) Identifying and monitoring substitution risk from competing services (QV).

(7) Creative software which incorporates the flexibility for users to modify functions within that software (MetService).

(8) Creativity to apply infrastructure to quickly establish a banking network with innovative services, consistent with the vision of connecting people (NZ Post).

(9) Innovation of E-Valuer resulting in growth of revenue and profits (QV).

(10) Risk of under-confidence limiting growth identified and addressed by focusing on operational excellence (MetService).

(11) Vision to identify and manage risk by hiring experienced bankers, doing a comprehensive business case (NZ Post).

(12) Acceptance of risk (e.g. making data available to competitors, introducing alternative services) resulted in growth of both business profits and organisational profile (QV).

(13) Diverse opportunities (e.g. energy forecasts and cow heat stress indices) consistent with core vision (MetService).

(14) Opportunity to apply NZ Post's infrastructure to quickly establish a retail banking network (NZ Post).

(15) Entering the competitive commercial valuation market, maintaining a complete dataset, and combining that data with professional valuation skills to create E-Valuer provided a pathway to growth, both financial and non-financial.

From a broader perspective, the integration of the six core elements may be summarised as follows: *identifying an opportunity which incorporates innovation and flexibility within the scope of the organisation's vision, whereby associated risks are accepted and managed to facilitate growth.* Based on the discussion in Section 8.2, this statement can be easily applied to Weatherscape XT, Kiwibank, and E-Valuer.

With respect to the notion of a common direction, several themes emerge as central to the organisations studied in their search for strategic entrepreneurship. Specifically, the commercial imperative applied to each organisation resulted in a heightened awareness of the requirement to establish profitable and sustainable business operations. Thus, as part of that focus a strong awareness of growth, both financial and non-financial, also emerged.

On the basis that each of three cases demonstrates the successful integration of all six elements of strategic entrepreneurship, a hypothetical approach is taken to consider the implications if all six elements did not exist, or were not integrated and operating in a common direction. By way of example, if Quotable Value had not adopted an entrepreneurial approach to vision, but rather continued to focus on the sale of raw property data, strategic entrepreneurship would not have been created.

Similarly if each of the core elements was present but operating in different directions, the outcome of E-Valuer would have been markedly different. Innovation may have continued for example, rather than releasing the software in its current form for commercial use, thereby facilitating growth. In the context of MetService and NZ Post, similar conflicts between innovation and growth for example (continuing to innovate and develop projects rather than release them for commercial use); growth and acceptance of risk (e.g. an aversion to risk effectively stifling growth); or vision and flexibility (a narrow vision restricting the flexibility to identify diverse activities and opportunities consistent with that vision), would also have prevented the creation of strategic entrepreneurship. Thus, both integration of the core elements, and operation of these elements in a common direction remains central to strategic entrepreneurship.

8.7 Function of strategic entrepreneurship

The final proposition is such that:

P4:   *Strategic entrepreneurship requires a balance of the fundamental elements rather than a precise weighting of each element. This balance may shift over time however, provided a balance is maintained competitive advantage may be created and maintained.*

Literature on entrepreneurship acknowledges the multiple elements associated with this concept (Carland et al., 1984; Gartner, 1990). Similarly, literature on strategy and strategic management identifies a diverse range of factors which contribute to strategic entrepreneurship (Ireland et al., 2001; Ireland et al., 2003). Neither group of literature however, specifically address the issue of balancing those elements, nor the change in that balance over time, in the context of entrepreneurship, or strategy and entrepreneurship combined.

With respect to entrepreneurship, Shane (2003) acknowledges the importance of opportunities in the business environment. Bettis and Hitt (1995) refer to a competitive landscape which continues to change, and the subsequent changes required to strategy. The literature on strategic entrepreneurship however, does not specifically consider the notion of change in the external environment. Nor does it extend beyond this to specifically address the notion of establishing a balance of the core elements, and then adjusting that balance in response to changes in the environment.

Based on the case study findings, substantial support does exist for this proposition. As noted in the previous section, the integration of elements operating in a common direction is an important aspect of strategic entrepreneurship. Thus, at any particular point in time it is possible to identify the specific direction a strategic entrepreneurship activity is taking.

By way of example the establishment of Kiwibank by NZ Post was a reflection of the organisation's search for growth. As noted by Hogg (2004) however, growth was not the only element to consider. Identification of an opportunity for growth was the initial focus of NZ Post, being the establishment of Kiwibank. This was followed by the accumulation of opportunities (both internal and external environmental factors) which indicated to management the appropriate

time to establish Kiwibank. Thus a balance or combination of factors is important. The notion of balance is further highlighted by Lumsden (2004) who notes "innovation is fine, but you need this balance". Hence a focus on innovation was moderated with acceptance of risk, flexibility, and growth.

As an extension to the notion of establishing a balance of the core elements, the issue of responding to changes in both the internal and external environment (Mintzberg, 1991) is also an emergent and important theme from the case studies. While there is no specific pattern identified with respect to the change in balance, certainly changes can be noted within each of the activities examined as they progress over time. Within each of the three cases, opportunity identification is emphasised at the beginning of each of the three activities; growth is emphasised towards the later stages of the activities as they mature in development. Between these two points, however, various core elements are emphasised. In particular, innovation emerges as a key element within Weatherscape XT, flexibility within Kiwibank, and vision within Quotable Value. Thus, the identification of balance and change within the core elements, in response to changes in the internal and external environment, represents an important development in the understanding of strategic entrepreneurship.

With respect to the outcomes of strategic entrepreneurship, Hitt et al. (2001), Ireland et al. (2001), and Ireland et al. (2003) all strongly contend that strategic entrepreneurship is directly related to both competitive advantage and wealth creation. The proposed framework however, is largely inconsistent with those views, given the issues discussed above regarding on-going changes in the competitive landscape. Specifically it was argued in Chapter 3 that while strategic entrepreneurship may give rise to competitive advantage and wealth creation, the resulting outcome was dependent on on-going changes in the competitive landscape, as discussed above. Thus, while the activities of MetService, NZ Post, and Quotable Value examined as part of this study effectively created the opportunity for competitive advantage, the realisation and on-going nature of that advantage depend to some extent on the changes in the internal and external environment over time.

Similarly, the potential for or realisation of wealth creation is also dependant on future changes in the internal and external environment. In particular, if government regulations were passed to prevent NZ Post from undertaking banking operations, or MetService developing weather graphics software, wealth creation would not be possible. This issue was highlighted (not

specifically in the context of strategic entrepreneurship, but within business activities in general) in Chapter 7, regarding the proposed changes to the Privacy Act which would effectively have limited the scope of Quotable Value's operations. Thus, it cannot be argued that activity which is both entrepreneurial and strategic automatically creates wealth; but rather gives rise to the possibility for competitive advantage and subsequent wealth creation, provided a balance of the fundamental elements can be maintained in a changing competitive landscape.

As detailed in each of the case studies, a number of changes and developments were noted within each of the activities examined. Since the initial interviews with Lumsden, Hogg, and Langridge in December 2004 and January 2005, Weatherscape XT had been finalised and launched by the BBC, Kiwibank continued to build a strong customer base and expanded the scope of its operations to include business banking, and E-Valuer's profile and profits increased substantially. Thus, each of the activities examined had developed significantly. Such developments have effectively resulted in competitive advantage being realised in some form, for each of the three organisations. MetService has subsequently been recognised as a "serious player on the world stage" through its innovative development and competent delivery of the "largest weather graphics project ever" (Lumsden, 2005). NZ Post has now established a sustainable and growing income stream through the establishment of a New Zealand owned bank which has a genuine focus on customers throughout the country (Long, 2005). Quotable Value has created an electronic valuation service which offers "intelligence to the customer; [something] no other website offers" (Langridge, 2005b), and gained increasing recognition for that. In addition, Lumsden, Long, and Langridge have each identified further opportunities for competitive advantage in the future, as the activities continue to develop and expand. Such opportunities involve an increase in the customer base, scope of services, and willingness to take on new and complex projects, through an enhanced sense of confidence.

With respect to the issue of wealth creation, changes and developments in the activities over a six month period have resulted in each of the interviewees noting wealth has been realised. Specifically, MetService has realised wealth through Weatherscape XT on a number of levels. Wealth through "knowledge and experience" (Lumsden, 2005) as well as financial wealth, seem clear outcomes of Weatherscape XT. In the initial interview Lumsden (2004) noted the revenue had exceeded the costs relating to Weatherscape XT. Approximately six months later Lumsden (2005) notes "MetService has had the most successful year ever, mainly due to Weatherscape XT". With respect to NZ Post, Long contends wealth both financial and non-financial has also

been realised through Kiwibank. Kiwibank announced its maiden profit of $2.5 million for the six months ended 31 December 2004, and is in the process of forecasting profit for the year ended 30 June 2005 (Birchfield, 2005). Long (2005) also refers to the wealth of customers created through Kiwibank. While the wealth of customers increasing at a rate of 400-500 per day (Long, 2005) is clear, financial wealth is perhaps less so. Although revenue now exceeds expenses within Kiwibank, the issue of retained earnings in view of previous years' losses suggests net wealth may not yet be realised. Certainly, however, the potential for wealth creation exists, if Kiwibank continues to maintain a balance of the core elements, and is able to respond appropriately to changes in the internal and external environment. Lastly, with respect to Quotable Value, Langridge (2005b) refers to "major growth" in revenue and profits over the past six months. "Investment in E-Valuer has well and truly paid off" (Langridge, 2005b). Thus, based on the above, wealth has been realised in some form, with the potential for further developments in this respect provided the activities continue to be managed such that a balance of the core elements is maintained.

8.8 Summary

A review of the four propositions presented in Chapter 3 based on the case study findings reveals significant support exists for each of the propositions. In the context of Proposition 1, a comparison of the findings identified both support for the core elements, as well as revealing a number of supporting elements which effectively assist in the creation of strategic entrepreneurship. Analysis and comparison of theoretical concepts associated with strategic entrepreneurship in the literature with case study findings was also undertaken, to evaluate and refine the understanding of strategic entrepreneurship.

With respect to Proposition 2, findings indicate strategic entrepreneurship activity is not related or restricted to particular forms of business, but rather available to businesses of various forms and sizes. Thus, the concept of strategic entrepreneurship is not bound by context. Proposition 3 was examined partly in a hypothetical manner, suggesting the integration of the core elements is central to strategic entrepreneurship. Lastly, an examination of the data and findings available through the study's longitudinal dimension revealed significant support for Proposition 4 such that changes in the balance of elements do occur over time. Provided such changes continue to

facilitate a balance of the core elements in some form, and are appropriately matched to changes in both the internal and external environment, competitive advantage may be created and maintained, with the opportunity for wealth creation.

Based on the discussion in this chapter, various conclusions can now be drawn regarding strategic entrepreneurship. Such conclusions in the context of both theory and practice, together with implications for future research are considered in the following chapter.

Chapter 9

9. Conclusion

9.1 Overview of the study

While the importance of entrepreneurship and strategy is widely acknowledged, little has been established within either theory or practice on the combination or intersection of these topics, commonly referred to as *strategic entrepreneurship*. Thus, the objective of this research was to address the question of "what constitutes strategic entrepreneurship?" through an examination of both theory and practice in the context of three SOEs. In order to address this issue, a review of the literature on the founding construct of entrepreneurship was undertaken and subsequently examined in the context of literature on strategy, for the purposes of identifying the development and emergence of strategic entrepreneurship, and how the intersection of these founding constructs may be appropriately characterised.

Examination of concepts, conclusions, and limitations within existing literature led to the development of a proposed framework of strategic entrepreneurship, ultimately grounded in theory. In order to consider the practical application of this framework, an appropriate method of research was then considered and discussed, addressing the rationale, context, and associated issues relevant to the research approach.   This approach, involving case study analysis of activities recognised as both entrepreneurial and strategic, was then applied within three separate organisations. Specifically, strategic entrepreneurship activity within MetService, NZ Post, and Quotable Value, three SOEs operating within New Zealand, was reviewed and analysed to identify the characteristics and underlying concepts of such activity.

These organisations were selected for several reasons. Firstly, on the basis that strategic entrepreneurship activity, similar to entrepreneurial activity, is equally relevant to both public and private sector organisations (Drucker, 1985), selection of SOEs or indeed any government organisation seemed appropriate. Further, given that research on entrepreneurship has traditionally overlooked the public sector (Bahaee & Prasad, 1992), a deliberate focus on SOEs as a starting point seemed an important, viable, and less conventional approach to the examination of strategic entrepreneurship in practice. Lastly, due to the increasing focus on governments to foster entrepreneurship through policy (Reynolds et al., 2004), the question arises as to why governments should not also foster the development of entrepreneurship (or

strategic entrepreneurship) through their own practice.

Individual case study findings were presented in the first instance, before conducting a cross-case comparison (Yin, 1993) for the purposes of discussion and further development in the understanding of strategic entrepreneurship: how it can be recognised in theory and identified in practice.   This chapter concludes the study of strategic entrepreneurship by highlighting significant findings, outlining the contributions made: implications for both theory and practice, acknowledging limitations inherent to this study, and identifying areas for future research to further develop the understanding of strategic entrepreneurship.

9.2 Significant findings

As noted at the onset of this study, essentially the understanding of strategic entrepreneurship remains limited. Within a very limited body of literature on strategic entrepreneurship there is significant variation regarding the core elements of this concept due to differing views held by various researchers, and changing views of individual researchers (e.g. Ireland et al, 2001; Ireland et al., 2003). Essentially little has been established and confirmed conceptually beyond the very general notion that strategic entrepreneurship represents the intersection of entrepreneurship and strategy, or more specifically, strategic management. Further, there is no practical support or empirical validation of strategic entrepreneurship theory presented within the literature. During the course of this research a number of findings have been made through an examination of individual case studies and comparison of those cases, effectively contributing to the development of this understanding. This section now reviews some of the most significant findings which have emerged from this study, ranging from the unveiling of new knowledge to the refinement of existing theory on strategic entrepreneurship.

9.2.1 Defining strategic entrepreneurship: practical support for the proposed framework

In the initial stages of this study a theoretical framework of strategic entrepreneurship was derived based on a review of the founding concepts of entrepreneurship and to a lesser extent, strategy; and an analysis of the perceived limitations within existing literature on strategic

entrepreneurship. Essentially, this framework defined the concept of strategic entrepreneurship, and identified the underlying elements, related issues, and potential outcomes. The examination of this framework in a practical context subsequently revealed extensive support for the framework does exist. This is perhaps one of the most significant findings arising from this study.

A summary of the preliminary framework involved four propositions addressing the core elements, scope, operation, and function of strategic entrepreneurship. Specifically, strategic entrepreneurship was presented as an act or activity involving the core elements of opportunity identification, innovation, acceptance of risk, flexibility, vision, and growth. These elements, when integrated and operating in a common direction, effectively create activity at the intersection of entrepreneurship and strategic management. Such activity is available to businesses of all forms and sizes, from individuals to organisations, and offers the potential for competitive advantage and wealth creation. These outcomes are, however, dependent on the integration and balance of the core elements, and maintaining a balance in some form, despite changes in the internal and external environment.

Significant practical support was found to exist for each of the four propositions which address these issues. Such support is an important distinction between this study and previous research on strategic entrepreneurship, which remains grounded in theory and has not yet been examined in a practical context. Ireland et al.'s 2001 study of strategic entrepreneurship is one of the few which goes beyond the purely theoretical. The practical scope of that study, however, is limited to only brief references or examples of organisations and activities which are relevant to the arguments presented. The conceptual framework presented by Ireland et al. (2001) was however, later modified (Hitt et al., 2001) and subsequently remodelled (Ireland et al., 2003). Thus, prevailing frameworks within the literature remain rooted in theory and lack empirical verification.

As such, this research represents the first study to go beyond a conceptual framework and examine the extent of practical support in any significant depth. Further, it becomes the first study to obtain substantial practical support for the conceptual framework derived. Thus, based on these findings strategic entrepreneurship can be identified as a concept at the intersection of entrepreneurship and strategy; an act or activity which involves the integration of the core elements. Essentially strategic entrepreneurship is a concept not bound by context, but rather available to businesses in various forms. Further, for businesses which do create strategic

entrepreneurship activity, and maintain a balance of the core elements over time, the potential for competitive advantage arises.

9.2.2 Extensions to the preliminary framework: supporting concepts

As detailed above, the first of the four propositions was derived from theory, and addressed elements considered fundamental to strategic entrepreneurship. Examination of the model in a practical context provided extensive support for these elements. Equally significant, however, based on an examination of the practical data, are the secondary or supporting elements uncovered through an inductive approach. In the context of the three case studies, these elements (including customer focus, branding, and operational excellence) were identified as strategic forces which intersected with the core elements, effectively creating strategic entrepreneurship.

The designation of these elements as supporting or secondary does not reflect or suggest they are inferior nature, but rather indicates the variable or flexible nature of these elements. While literature on entrepreneurship is diverse, recurring themes do suggest an emerging consensus on the core elements. Conversely, given the broad and encompassing scope of literature on strategy, there are a range of aspects within this topic which may intersect with the core elements of strategic entrepreneurship. Thus, strategic aspects identified such as branding or customer focus are not presented as essential for the creation of strategic entrepreneurship, but effectively represent two potential pathways or points of intersection to achieve this.

As detailed in the previous chapter, these secondary or supporting elements were subsequently rationalised from a theoretical standpoint by exploring literature beyond the immediate scope of entrepreneurship and strategic-management, to consider other domains (e.g. public sector management, marketing) within the broader disciplines of strategy and business. As such, P1 which addressed the core elements of strategic entrepreneurship was revised and more appropriately represented by two complementary propositions: P1A which addresses the core elements of strategic entrepreneurship, and P1B which addresses the secondary or supporting elements of strategic entrepreneurship, as detailed below.

P1A: Strategic entrepreneurship is based on the fundamental elements of opportunity

recognition, innovation, acceptance of risk, flexibility, vision and growth. Collectively these elements represent the independent concept of strategic entrepreneurship which is a potential source of competitive advantage.

P1B: *Strategy, culture, branding, operational excellence, cost efficiency, and transfer and application of knowledge, represent secondary or supporting elements of strategic entrepreneurship which effectively assist in establishing an environment conducive to creating strategic entrepreneurship.*

Based on the case study data and findings, substantial support exists for both of these propositions. Thus, the overall findings of this research represent a combination of deductive and inductive research, with significant theoretical and practical support.

9.2.3   Refinement of existing concepts

As noted previously, much of the literature on strategic entrepreneurship involves theoretical frameworks which are not supported by practical data or findings, and at times seem inconsistent with theory rooted in the founding constructs of entrepreneurship and strategic management. During the course of this study, analysis of detailed case study data provided the opportunity not only to identify practical-based findings, but also to compare and reflect on other frameworks of strategic entrepreneurship presented within the literature. Ultimately this comparison facilitated an increased scope of analysis with respect to previous research, no longer limited to theory. It also allowed elements grounded in theory to be reviewed, re-examined, and (where appropriate) re-classified, based on the case study findings. The results of this comparison were presented in the previous chapter (see Table 8.4).

The significance of this is the added dimension of analysis afforded to prior theory through the application of practical data, and more importantly, the enhanced understanding of strategic entrepreneurship obtained from doing so. By way of example, networks and alliances was strongly represented as central to previous models of strategic entrepreneurship (Hitt et al., 2001; Ireland et al., 2001). Subsequent review of these elements in the context of the practical data revealed the underlying concept to which prior research referred was in essence, a strong customer focus. Interestingly, the distinction between the two had also been confused or blurred

by individuals within the organisations studied. Similarly, the notion of internationalisation (Ireland et al., 2001) was re-examined in light of the practical data to determine that the more appropriate classification is growth; internationalisation being one aspect of growth.

A discussion of themes identified within the literature which were subsequently re-examined, clarified, and reclassified using the practical data from this study, was presented in Chapter 8. A summary of the conclusions drawn from this comparison of theory and practice is presented in Table 9.1 below, for the purposes of highlighting specific aspects of refined understanding on strategic entrepreneurship.

Table 9.1   Refinement and clarification of themes identified within the literature

Themes identified in the literature	Underlying concepts identified in practice which more precisely identify the concepts relevant to SE
Networks, external networks and alliances	• strong customer focus to establish working relationships
Internationalisation	• growth in various contexts, one of which is internationalisation
Organisational learning	• confidence within the organisation's skills and abilities
Top management teams and governance	• shared vision such that the core elements of SE are embraced by everyone within the organisation
Resources	• establishing core capabilities, and operational excellence
Wealth creation	• SE provides the potential for wealth creation
Emphasis on SE at the organisational level	• SE is possible within businesses of all sizes and forms
Strategic management of resources: emphasis on human capital	• "people" identified as a supporting element of SE
Extent of detail; e.g. a balance of radical and incremental innovation	• understanding of SE remains in the initial stages, thus a simplistic framework seems feasible, as a starting point to understand this concept

As such, this represents an important development in the understanding of strategic entrepreneurship. Essentially this clarification and reclassification serves not only to progress the understanding of strategic entrepreneurship by identifying underlying concepts as opposed to implications; cause rather than effect; but also highlights an awareness of previous misunderstandings on this topic which effectively confuse the existing understanding, and may potentially misguide future research.

9.2.4 Scope of strategic entrepreneurship

The notion of scope was specifically addressed in the context of Proposition 2. Essentially this finding, supported in both theory and practice, represents a significant development in the understanding of strategic entrepreneurship for reasons similar to those outlined above: it not only enhances the understanding of strategic entrepreneurship, but of equal importance, it addresses previous misunderstandings or misconceptions.

As noted previously, while the literature on strategic entrepreneurship does on occasion, make reference to strategic entrepreneurship applying to a range of organisations, essentially the implication is that the application of strategic entrepreneurship remains central to an organisational context. Examination of the case study data and findings from this study, however, highlights that strategic entrepreneurship is essentially an act or activity which lies at the intersection of strategy and entrepreneurship. Thus, specific consideration of the nature and context of strategic entrepreneurship indicates that any business activity, be it conducted by an individual or organisation, which can be classified as both entrepreneurial and strategic, essentially represents strategic entrepreneurship.

This is significant for two reasons. Firstly, it provides detail about the context in which strategic entrepreneurship may be established. Secondly, it emphasises the nature of strategic entrepreneurship as an act or activity, rather than a form of strategy or culture. Thus, while much of the literature emphasises the importance of an entrepreneurial culture, the process or activity of strategic entrepreneurship may be enhanced by these variables, but is not dependent on them. Hence a distinction can be made between strategic entrepreneurship in different environments or contexts. Activities of a strategic entrepreneurship nature which are consistent with (and perhaps a function of) an entrepreneurial culture may be viewed as deliberate acts of strategic entrepreneurship. In contrast, activity which assumes the nature of strategic entrepreneurship but is not necessarily a function of the business' strategy or culture may be viewed as emergent acts of strategic entrepreneurship. These points may be viewed as two extremes of a continuum of strategic entrepreneurship activity (refer to Figure 9.1 a).

While this research did not intentionally examine culture in detail, a distinction can be made in practice between MetService's conduct of and approach to strategic entrepreneurship (deliberate)

and Quotable Value's conduct and approach (emergent). This observation is consistent with Miller's (1983) study of the variation in entrepreneurial correlates within different types of firms. A central point of that study in the context of this research is Miller's explanation of entrepreneurial activity as a process, with the entrepreneurial role able to be performed by a range of firms, albeit from a different approach. Thus strategic entrepreneurship activity can be viewed on a number of continuums, as activity available to a range of businesses from those which regularly pursue and achieve such activity (supported by an entrepreneurial culture), to those which manage only once to identify and execute such activity. Similarly, such activity is equally relevant to all businesses, from individuals to multinational organisations (Figure 9.1 b); public sector to private sector (Figure 9.1 c).

Figure 9.1   Continuums relevant to strategic entrepreneurship activity

(a) Frequency

single act   recurring act

(b) Size

multinational organisation   individual

(c) Form

public sector   private sector
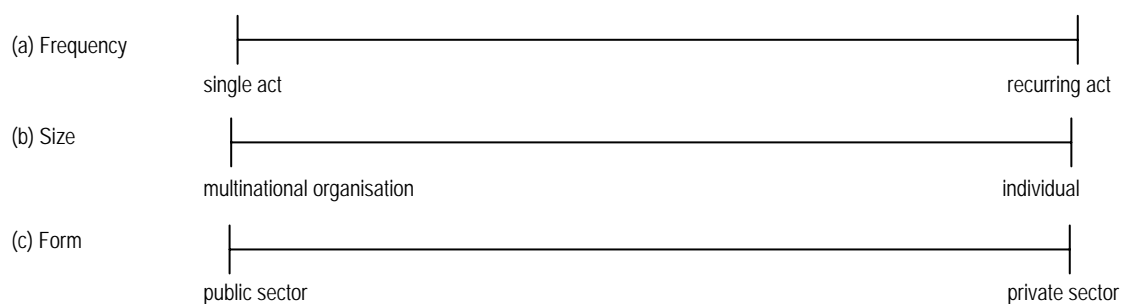
Essentially the continuums shown in Figure 9.1 are independent of each other. Hence, the second continuum has been deliberately presented with multinational organisations as the first point on the continuum to prevent any unfounded association or interpretation linking strategic entrepreneurship activity by individuals with a single act of strategic entrepreneurship. Such detail provides a clear framework from which specific issues can be explored and understood, and is considered in further detail below.

9.3 Contributions from the study

A review of the study reveals a number of contributions to both theory and practice on the topic of strategic entrepreneurship. At the broadest level, findings reflect the process or operation of

strategic entrepreneurship as a general construct. A further or more detailed level of understanding is referred to as the content or elements central to strategic entrepreneurship, and the third or most detailed level addresses specific contextual issues such as the strategic aspects of this topic. These conceptual levels are detailed in Figure 9.2 below.

Figure 9.2   Conceptual levels of strategic entrepreneurship

Process (operation of strategic entrepreneurship)

Content (core elements and supporting elements)

Context (specific entrepreneurial and strategic aspects at the point of intersection)
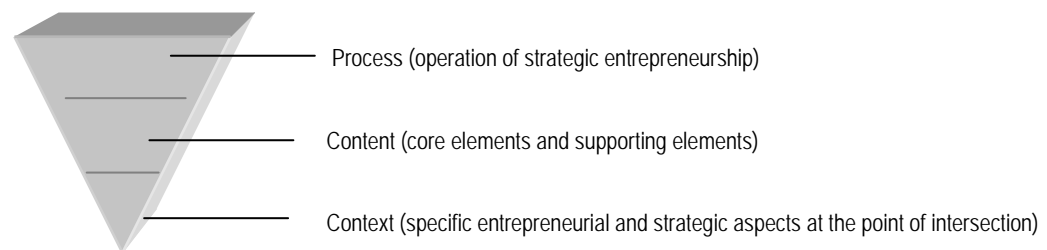
9.3.1 Implications for theory

Based on the findings from the individual case studies and the discussion in Chapter 8 presenting a cross-case comparison, a number of theoretical implications can be identified at each of the three conceptual levels referred to above: process, content, and context. One such implication at each of these levels is considered briefly below.

Perhaps the most significant theoretical implication from this study at the broadest conceptual level is such that two conceptual groups are identified within the process of strategic entrepreneurship. Core elements are referred to as those considered fundamental to strategic entrepreneurship, and essentially rooted in entrepreneurship literature. Secondary or supporting elements are referred to those which are not individually essential, but serve to support the establishment of strategic entrepreneurship by intersecting with the core elements. By way of example, acceptance of risk was established as central to entrepreneurship and strategic entrepreneurship in Chapter 2. The concept of risk management surfaces from strategic management literature, and represents one such opportunity for the intersection of entrepreneurship and strategic management. The implications for theory are such that a clearer

or more defined picture of strategic entrepreneurship as a concept emerges. Thus, it is now possible to identify the specific elements which are both strategic and entrepreneurial within this concept, as detailed in Table 9.2.

Table 9.2   Entrepreneurial and strategic roots within strategic entrepreneurship activity

Entrepreneurship	Strategy	Strategic entrepreneurship
• identifying opportunities and ideas for new products and markets	• developing operational excellence within the core capabilities and resources	• identifying ideas and opportunities within the market which are consistent with the firm's capabilities, resources, and strategy
• innovation, creativity	• customer focus	• customer focused creativity
• acceptance of risk, perception of risk as manageable	• on-going management of risk	• perception of risk as manageable and actively managing / minimising risk on an on-going basis
• flexibility to identify new opportunities	• establishing the strategic direction of the business	• flexibility to identify opportunities and adapt within the strategic direction of the business
• vision of the future; to see what is and what might be	• establishing the strategic direction and vision of the business	• vision to see opportunities and possibilities which are consistent with the business' overall (strategic) vision and direction
• growth as a reflection of reward	• growth as a reflection of performance, establishing competitive advantage	• growth through increased business activity consistent with the firm's strategic objectives and position
Main focus; • opportunity driven • looking outside the business for opportunities • introducing new products and services to the market • creative destruction	Main focus; • looking inside the organisation • developing core capabilities and resources • strategic direction • competitive advantage	Main focus; • opportunity founded on strategy • looking inside the business to consider capabilities and resources which provide entrepreneurial opportunities consistent with the business' long-term focus • reinforcement of strategic direction through seizing entrepreneurial opportunities • measured, calculated approach to combine strategic management and entrepreneurial activity; a strategic, sustainable approach to entrepreneurial activity

While strategic entrepreneurship has been referred to as the intersection of entrepreneurship and strategy, essentially both founding concepts are broad in scope (particularly in the case of strategy) such that the elements which precisely define this point of intersection remained unclear. Through case study analysis this research has effectively identified that point of intersection for activity within three SOEs. From the discussion in Chapter 8 of the various

entrepreneurial and strategic aspects within the activity examined, it is now possible to identify the specific elements which are strategic and entrepreneurial within such activity, as detailed in Table 9.2 above. Thus, the entrepreneurial and strategic essence of the activity examined is highlighted.

As such, this development provides the opportunity for strategic entrepreneurship theory to progress beyond the general notion of the intersection between entrepreneurship and strategic management, and specify precise elements empirically validated which comprise strategic entrepreneurship. Given the range of definitions, often overlapping and at times inconsistent, on elements relevant to both entrepreneurship and strategy, this study does not seek to add to the list of such definitions. Rather the contribution from this study is to highlight the relevant aspects within each of the elements identified. Thus, Table 9.3 summarises both the core and supporting elements of strategic entrepreneurship, together with the central aspects of each.

Table 9.3   Central aspects of core and supporting elements within SE

Core elements	Central aspects
Opportunity identification Innovation Acceptance of risk Flexibility Vision Growth	• cumulative opportunities, identified internally and externally • applied innovation, creative and pragmatic • risk identified, evaluated, and managed on an on-going basis • flexibility within operations, perception, resources and vision • clear picture of the organisation's core business and future direction, shared • financial and non-financial, growth in scope and development of business, reward
Supporting elements	**Central aspects**

Strategy
Culture
  • confidence
  • people
Branding
Operational excellence
Cost minimisation
Transfer & application of knowledge
	• not specific or defined, but closely aligned with the business' vision
	
	• confidence in capabilities, to take on new opportunities, accept & manage risk
	• emphasis on valuing customers and staff, innovation with a customer focus
	• differentiation from typical association with SOEs, establishing a profile for growth
	• assists in opportunity identification, leveraging from core capabilities
	• assists in pursuing innovations, minimises risk
	• assists in opportunity identification and innovation

Such findings not only provide insight into strategic entrepreneurship as a general concept, but also very specific insight into strategic entrepreneurship in the context of SOEs. Thus, strategic entrepreneurship does have a place within public sector businesses, the role of government in fostering entrepreneurial activity can indeed go beyond policy-making, and the specific elements required to achieve this have been identified, as detailed in Tables 9.2 and 9.3 above.

As an extension of the findings presented above, a further implication for theory at the secondary level is the potential scope or diversity of strategic aspects which facilitate the creation of strategic entrepreneurship. In particular, the core or entrepreneurial elements derived from the literature have been established as central to and essential for the creation of strategic entrepreneurship. Without each of these elements, strategic entrepreneurship cannot exist. In contrast, the specific supporting elements identified inductively from the case study data have been established as relevant but not necessarily or individually essential for the creation of strategic entrepreneurship.

As noted previously, this is perhaps reflective of the broad scope of strategy, and indicates not that the strategic elements are subordinate or less important, but rather that they are more variable in nature than the entrepreneurial elements. Thus, while strategic entrepreneurship depends on the intersection of entrepreneurial and strategic elements, the range of strategic aspects available is perhaps more variable or flexible in nature. This effectively provides the opportunity for entrepreneurship and strategy to intersect in a variety of contexts, and may be viewed as an important theoretical implication at the secondary level.

Examining this issue in further detail, an important implication for theory at the third or contextual level is to acknowledge and understand the specific point of intersection identified between the entrepreneurial and strategic aspects of the activity examined. Thus a general reference to innovation, for example, does not capture the essence of innovation within the system of strategic entrepreneurship. Rather, a form of innovation which takes on a specific customer focus highlights the entrepreneurial and strategic nature of this element. These points of intersection are highlighted in the third column of Table 9.2, and include opportunity identification consistent with a business' core capabilities and resources, acceptance and on-going management of risk, vision to identify opportunities consistent with the business's strategic direction, and growth which is aligned with the business' strategic objectives. Accordingly, it is the identification of how and where such constructs intersect, which presents an important implication for theory at the most detailed level of conceptual understanding.

9.3.2 Implications for practice

With respect to the practical aspects of the findings, a number of implications can be identified. Some of the most significant findings at each of the three conceptual levels: process

(operational), content (constituent elements), and context (specific aspects); are discussed briefly below.

Perhaps one of the more central implications for business at the broadest conceptual level is acknowledging and understanding the importance of the core elements in order to establish strategic entrepreneurship. As such, opportunity identification, innovation, acceptance of risk, flexibility, vision, and growth, are all essential for the creation of strategic entrepreneurship. Thus, businesses cannot rely on innovation alone, or focus solely on new opportunities, but rather ensure these elements are adopted collectively to facilitate the process of strategic entrepreneurship. As core elements, essentially these concepts are not flexible or substitutable; but rather both individually and collectively essential to the creation of strategic entrepreneurship Once established, strategic entrepreneurship then presents the potential for both competitive advantage and wealth creation.

While the benefits of entrepreneurship and strategy are well established within the literature, the synergy from combining these elements is important to all businesses. While entrepreneurial activity is viewed as opportunistic, often impromptu, and dynamic, it is also associated with risk, uncertainty, and irregularity. Similarly the benefits of strategy such as a planned, deliberate, and focused approach to business are often countered by its potentially restrictive, constrained, and inflexible nature. The balance of entrepreneurship and strategy, however, offers the benefits of entrepreneurial activity within a strategic, calculated, and potentially recurring context.

Within this finding, businesses should also acknowledge the importance of ensuring these elements do not exist in isolation, but directly intersect with strategic elements in some form. As noted previously, innovation is central to strategic entrepreneurship, but cannot be relied upon to create strategic entrepreneurship, without combining with strategy in some form. Thus businesses can either rely on the specific strategic elements identified in this study (e.g. combining innovation with a specific customer focus), or reflect on other strategic elements which may assist in achieving the same objective. Essentially a customer focus is considered a viable pathway to the creation of strategic entrepreneurship, but is not presented as the only pathway. As supporting elements, it is important for businesses to understand the strategic concepts are variable or substitutable in nature, but essentially depend on both interacting and intersecting with the respective entrepreneurial elements.

Examining these two issues in further detail reveals implications for business at the third or contextual level of understanding. Specifically, individual features within the entrepreneurial and strategic aspects identified provide valuable insight for business on the pragmatic details of fostering strategic entrepreneurship. In particular, the importance of opportunity identification and the practical means by which this can be achieved is an important implication for business. Specifically, the issue of opportunity identification both internally and externally provides a clear, utilitarian approach for businesses to address this concept, and offers an important alternative for businesses which are not proficient in identifying opportunities independently. Thus, specific developments of this nature represent a valuable implication for business practice at the most detailed level of understanding.

9.4 Limitations of the study

Reflecting on the study undertaken, a number of limitations become evident. In particular, limitations with respect to the scope of the study, research approach, and findings, are considered in further detail below.

As research undertaken within a Masters of Business thesis, certain parameters restrict the scope of this study. In particular limitations regarding timeframe for the study, and more specifically the available scope for presentation of the study and findings prevented further discussion and detail. By way of example, data relating to six additional projects within MetService which (based on a preliminary review) seemed both entrepreneurial and strategic in nature, were unable to be included in the study. Use of such data would have offered further breadth and (potentially) depth to the scope of this study.

With respect to the research approach, case study analysis was viewed as the most appropriate method to conduct a detailed investigation of strategic entrepreneurship within three separate organisations. As noted in Chapter 4, however, case study research (similar to any method of research) does have limitations. Such limitations are noted by Moe (1994, p. 112) in the context of studies on entrepreneurship within government, who refers to research of this nature as "snapshots of successful entrepreneurial projects which political leaders and public sector managers can refashion to work [in their favour] in their particular circumstances". While the

approach to data analysis incorporated techniques to address such "re-fashioning" (e.g. triangulation), Moe's reference to snapshots is acknowledged. In particular, given the contemporary nature of the activity examined, it was not possible to consider the long-term implications of such activity over an extended period of time, other than review the progress and development of each activity during the course of the research. In particular, Weatherscape XT has now been released publicly and is being used by a number of organisations including the BBC. Kiwibank has recorded its maiden profit for the six months ended 31 December 2004, and E-Valuer's profile and revenue continues to increase. Future developments over time will reveal the long-term implications of these activities with respect to competitive advantage and wealth creation.

Moe (1994) also notes the evidence on this topic is largely a series of case studies. While the lack of empirical evidence is acknowledged, such findings were neither within the scope of this study, nor within the intention of the research. As noted in Chapter 4, this study was essentially a qualitative investigation, for the purposes of sourcing and analysing rich data, from which an enhanced and more detailed understanding of strategic entrepreneurship could be obtained. Thus, while the approach taken continues to be viewed as appropriate given that research on this topic remains in the early stages, essentially the practical findings are based on a limited number of case studies, and bound within the immediate organisational context of SOEs, rather than broadly generalisable. Thus, the call for studies of an empirical nature encompassing a broad range of businesses remains unanswered.

Knowledge developed from these case studies effectively provides lessons on strategic entrepreneurship as a general concept for both theory and practice, in the specific context of government organisations in particular. Due to the scope of this study, however, the generalisability of these findings remains limited. Specific or direct generalisations can perhaps be made to SOEs; indirect generalisations (Yin, 1993) may be made to other public and private businesses. Essentially however, examination of such findings within a larger and more diverse range of businesses is required to confirm and extend the support for such generalisations. This is particularly relevant to findings identified through an inductive approach (e.g. Proposition 1B), as the generalisability of these findings remains untested until such time as it is specifically examined in a context other than SOEs.

A final limitation identified within this study relates to the focus on contemporary activity within

SOEs. Analysis of those activities provided insight and significant support for issues such as the elements central to strategic entrepreneurship (Propositions 1A and 1B). Analysis in other areas, however, such as the scope of strategic entrepreneurship (Proposition 2), was limited due to the real world context of the case studies. Essentially these findings could only be proven if variables within those organisations such as size and nature were deliberately manipulated and observed. As the context of real world organisations did not allow this, however, much of the analysis on this aspect of the framework was theoretical or hypothetical. Hence there was effectively a trade-off between observing phenomena in its natural or actual environment, and having the opportunity to alter and observe the phenomena under different conditions.

9.5 Areas for further research

As noted previously, research on the topic of strategic entrepreneurship remains in the early stages. Thus, while this study has contributed to the development and understanding of strategic entrepreneurship by examining activity recognised as both entrepreneurial and strategic in the context of three SOEs, it also highlights a range of issues not yet addressed or explored. Such issues are a reflection of both the scope of this study and the resulting outcomes or findings.

Due to the limited understanding of strategic entrepreneurship, an appropriately detailed analysis of this concept was considered necessary for this study. As such, examination was limited to three cases, and deliberately focused on SOEs within New Zealand to enhance comparability of case study findings. Given that a more refined understanding and framework of strategic entrepreneurship has now been established, such findings may subsequently be used as a basis to more appropriately investigate this topic from a broader perspective. Accordingly examination of findings from this study in other contexts, such as detailed case study analysis of businesses with a different profile would provide further insight into strategic entrepreneurship. Such research could encompass a variety of business profiles ranging from individuals and small businesses to multinational organisations. Government organisations which are not necessarily SOEs as well as non-government organisations, both within New Zealand and abroad, could also be examined in detail.

Similarly, a quantitative approach to research on this topic encompassing a sample size of

statistical significance will also provide the opportunity to compare and further verify such findings. In particular, subsequent examination of strategic entrepreneurship may encompass activity within a broader or more diverse sample with respect to the size and nature of businesses, and examine issues such as a business' culture in the context of strategic entrepreneurship activity and its frequency. Such examination will add a greater level of depth and further dimension to the understanding of strategic entrepreneurship, as well as clarifying the extent to which existing findings can be generalised and associated with culture. In this regard, findings from this study may be used as a basis for the development of a questionnaire incorporating scale ratings on the various elements and aspects of strategic entrepreneurship. In particular, the information detailed in Table 8.1 could be adapted with only minor amendments, to create such an instrument.

As noted in the previous section, the secondary or supporting elements of strategic entrepreneurship (subsequently encompassed in Proposition 1B), essentially resulted from an inductive approach. Given that the case studies involved three government organisations within New Zealand, however, further research is required to determine whether these elements are specific to SOEs, or should continue to be generalised to a wider profile of businesses. In addition, further analysis of this aspect will assist in identifying other secondary or strategic elements which emerge within strategic entrepreneurship activity.

Lastly, given that the case studies were based on the contemporary activities within SOEs operating in a real world context, one of the propositions was addressed substantially from a theoretical or hypothetical perspective, on the basis that it was not possible to manipulate certain variables (e.g. size and nature of a business). This limitation can perhaps be more thoroughly addressed through a longitudinal study of businesses which do change in size or nature over time (e.g. government organisations which are subsequently privatised, small businesses which grow to be classified as large organisations). Alternatively, examination and comparison of activity recognised as both entrepreneurial and strategic within similar businesses of differing size and nature can be undertaken. Studies of this nature represent agenda for future research.

Thus it can be concluded that while much has been uncovered from this study on the topic of strategic entrepreneurship, there is still a great deal to learn. Such learning is essentially driven by the desire for continued discovery and knowledge from an academic perspective, and the desire for continued success and advancement in a changing competitive landscape from the

perspective of business practice. The implications of such understanding are extensive, ranging from the micro-economic perspective of individuals in business, to the macro-economic perspective of national economies in a global marketplace.

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Appendices

Appendix A   **Interview protocols**

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Interview protocol: first interview

</div>

This document details the protocol to be followed for the initial interview with participants, providing an outline of the questions to be raised during the interview process. Essentially the protocol aims to ensure a consistent approach is adopted for each interview.

1. Introduction

1.1 Brief introduction of myself and the research study

1.2 Brief overview of the context/issues within the organisation I am interested in examining further

2. Obtain details of the activity/opportunity recognised as entrepreneurial

2.1 Ask participant to provide an overview/background details of the activity/opportunity recognised as entrepreneurial, based on the literature previously examined.

2.2 Enquire about the strategic aspect of the activity/opportunity
e.g. deliberate strategic objective determined in advance, or an opportunity identified at a particular time?

2.3 Extract additional background details relating to the situation
Who / What / When / Why / How

3. Obtain details of elements specific to the proposed framework of strategic entrepreneurship

3.1 When/how was the opportunity identified?

3.2 Is/was there an element of innovation?

3.3 Identification of risk?
Identified before/during/after the project?
Level of risk? E.g. low/moderate/high/calculated
Deliberate decision to accept risk?

3.4 Flexibility within the project?

3.5 Element of vision?
(e.g. to identify the project, potential obstacles, and viable solutions to address these obstacles)

3.6 Is/was there an element of growth?
In what context?

Financial and/or non-financial
Regional / domestic / international

3.7 Were (any or all of) these elements integrated/related?
Was there a dominant element, or a specific focus on 1 particular element? (e.g. innovation)
Did that dominant element or focus change over time?

3.8 Do you consider the activity/opportunity created any specific advantage for the organisation?
Competitive advantage?
Does the benefit/advantage continue to exist?
Why/ why not?

3.9 What (additional) elements do you consider fundamental in order to ensure this activity/opportunity is a success?

4. Examine the activity/opportunity in another business context

4.1 On the basis that strategic entrepreneurship may be applied to all forms of business, would (in your opinion) this activity/opportunity be possible if the organisation was of a different form?
E.g. small rather than large
commercial rather than government?

4.2 Was the opportunity available to other organisations/competitors in the industry?

4.3 Why/why not?

5. Other details and conclusion

5.1 Are there any other issues the participant would like to raise / matters which are relevant to the discussion?

5.2 Are there any documents/publications which are available and relevant to the study?

5.3 Is there anyone else within the organisation who you suggest I contact to gain additional information, or further insight into the issues discussed?

5.4 Thank you for your time

Interview protocol: second interview

This document details the protocol to be followed for participants being interviewed for a second time (where applicable). It provides an outline of the topics to be explored in further detail, and aims to ensure a consistent approach is adopted when interviewing individual participants.

1. **Introduction and overview of issues raised in initial interview**
1.1 Thanks for your time
1.2 Identify any issues from primary or secondary data which I would like to confirm
1.3 Identify issues referred to in previous interview which I would like to explore in more detail

2. **Obtain confirmation or additional information in respect of the issues referred to above**
2.1 Check understanding, verify facts, obtain additional information where necessary

3. **Explore issues previously referred to in more detail**
3.1 What are the developments (in general) in the activity or project over the past six months?

3.2 What is the current emphasis or focus of the activity (e.g. innovation, growth)
 Has that emphasis changed over the past six months?
3.3 Has competitive advantage been realised?
 Is there a future opportunity / further potential for competitive advantage?
3.4 Has wealth creation been realised?
 Is there a future opportunity / further potential for wealth creation

4. **Other issues and conclusion**
4.1 Discuss any other matters the participant considers significant within the scope of the study
4.2 Thank you for your time

MEMORANDUM

Academic Services

To:	Martie-Louise Verreynne
From:	**Madeline Banda**
Date:	28 September 2004
Subject:	04/162 Strategic entrepreneurship: Examining theory and practice

Dear Martie-Louise

Thank you for providing amendment and clarification of your ethics application as requested by AUTEC.

Your application was approved for a period of two years until 28 September 2006.

You are required to submit the following to AUTEC:

▪ A brief annual progress report indicating compliance with the ethical approval given.
▪ A brief statement on the status of the project at the end of the period of approval or on completion of the project, whichever comes sooner.
▪ A request for renewal of approval if the project has not been completed by the end of the period of approval.

Please note that the Committee grants ethical approval only. If management approval from an institution/organisation is required, it is your responsibility to obtain this.

The Committee wishes you well with your research.

Please include the application number and study title in all correspondence and telephone queries.

Yours sincerely

Madeline Banda
Executive Secretary
AUTEC
CC: 0319755 Belinda Luke

Participant Information Sheet
November 2004

Project Title
Strategic entrepreneurship: examining theory and practice

Invitation
My name is Belinda Luke, and I am currently studying Masters of Business at Auckland University of Technology. As part of this study, I am doing research on the topic of strategic entrepreneurship within New Zealand organisations, and would like to invite you to participate in this project. Please note that participation is voluntary and you may withdraw from the study at any time prior to data analysis.

What is the purpose of the study?
The purpose of the study is to examine what constitutes strategic entrepreneurship: how is it identified in theory and recognised in practice?

Based on the Global Entrepreneurship Monitor (GEM) Report for 2003, New Zealand is ranked fifth in the global listing of entrepreneurial countries. This study aims to explore the notions of entrepreneurship and strategic entrepreneurship, by examining organisations which are recognised for their entrepreneurial activities or opportunities, and are perhaps reflective of New Zealand's ranking. A review of entrepreneurial activities and opportunities within (organisation), will provide the opportunity to gain a better understanding of what constitutes strategic entrepreneurship, and consider the practical application of a strategic entrepreneurship framework intended to assist organisations identify entrepreneurial activities and opportunities in the future.

What are the requirements of participating in the project? (Including time)
You will be asked to participate in a maximum of two interviews (approximately 1 hour each) at a time and place of your convenience. Any additional queries or follow-up questions would generally be discussed by phone, where applicable. Interviews will generally be tape-recorded and transcribed, such that you have the opportunity to review and verify the transcript prior to any analysis.

What are the benefits?
Your participation will be a valuable contribution towards this study of entrepreneurial activity and opportunity. As a participant providing details of the practical aspects of strategic entrepreneurship, any findings with respect to the study will be discussed openly with you, and a copy of the final report will be made available on request.

How will your privacy be protected?

Appropriate steps will be taken to ensure confidentiality. As this study aims to improve the understanding of strategic entrepreneurship in a practical business context, organisations and individuals involved as part of this study will generally be identified in the final report. Any concerns regarding private or confidential information will be respected, and individual participants have the option of not being identified in the findings of the study.

Data will only be accessible to the researcher and the supervisor, and will be used solely for the purposes of this study. Findings arising from the study may be included in related research papers and journal articles.

How can you join the study?

You may join this study after reading and understanding the information detailed in this document, and signing the Consent form (attached). If you wish to withdraw from the study, an oral request is sufficient. Once the interview(s) has been conducted, an interview transcript will be forwarded for you for review and confirmation that the transcription is an accurate account of the interview. The analysis of this data will not start before you have approved the transcript.

Participant Concerns

Any concerns regarding the nature of this project should be notified in the first instance to the Project Supervisor.

Concerns regarding the conduct of the research should be notified to the Executive Secretary, AUTEC, Madeline Banda, madeline.banda@aut.ac.nz , 917 9999 ext 8044.

Researcher Contact Details:

Belinda Luke
Postgraduate Student
Faculty of Business
Auckland University of Technology
Phone: +64 9 815 4321 (x8794)
bluke@unitec.ac.nz

Project Supervisor Contact Details:

Martie-Louise Verreynne
Department of Management, Marketing, Advertising, & Tourism
Faculty of Business
Auckland University of Technology
Phone: + 64 9 917 9999, ext 506
martie-louise.verreynne@aut.ac.nz

Approved by the Auckland University of Technology Ethics Committee on 25 September 2004. AUTEC Reference number: 04/162

Appendix D   **Participant consent form**

Consent to Participate in Research

Title of Project: Strategic entrepreneurship: examining theory and practice

Project Supervisor: Martie-Louise Verreynne

Researcher: Belinda Luke

- I have read and understood the information provided on this research project.

- I have had the opportunity to ask questions and to have them answered.

- I understand that the interview will be audio-taped and transcribed.

- I understand that I may withdraw myself or any information that I have provided for this project at any time prior to data analysis, without being disadvantaged in any way.

- In the event that I withdraw, I understand that all relevant tapes and transcripts, or parts thereof, will be destroyed.

- I agree to take part in this research.

- I understand that the results of the project may be published, but I have the option of not being identified in the report.

- I agree/disagree (please delete one) to my organisation being named in the final report.

Participant signature: ....……………………..

Participant name: ………………………………………………………………

Participant Contact Details (if appropriate):

……………………………………………………………………………………..
……………………………………………………………………………………..
……………………………………………………………………………………..
……………………………………………………………………………………..
Date:

Approved by the Auckland University of Technology Ethics Committee on 25 September 2004 AUTEC Reference number: 04/162

Note: The participant should retain a copy of this form.

Appendix E   New Zealand State-owned enterprises

Agriquality New Zealand Limited
Airways Corporation of New Zealand Limited
Animal Control Products Limited
Asure New Zealand Limited
Crown Forestry Management Limited
Electricity Corporation of New Zealand Limited
Genesis Power Limited
Land Corporation Limited
Learning Media Limited
Meridian Energy Limited
Meteorological Service of New Zealand Limited
Mighty River Power Limited
New Zealand Post Limited
New Zealand Railways Corporation
Quotable Value New Zealand Limited
Solid Energy New Zealand Limited
Television New Zealand Limited
Terralink New Zealand Limited
Timberlands West Coast Limited
Trans Power New Zealand Limited

(New Zealand Treasury, 2005)

Appendix F   Strengths and limitations of the research methods used in this study

Research aspect	Advantages	Limitations
Qualitative research	• Richer and more diverse, • Amenable to a range of analysis (Birley & Moreland, 1998).	• Fails to provide empirical support for the construct under examination • Examines the construct in a limited number of situations Addressing the limitations: Given that research on this topic remains in the early stages, initial research involves a qualitative focus. Once support for the framework is obtained through case study analysis, further research will take a quantitative focus, examining the framework in a broader range of situations, albeit in less detail.
Case study analysis	• Method of choice for the study of phenomena not easily distinguishable from its context (Yin, 1993). • Appropriate for the study of single phenomena, to describe and analyse in depth, • Provides the opportunity to obtain a more complete, rounded understanding (Birley & Moreland, 1998) • Findings enhanced through the use of triangulation and selection of case study subjects with core commonalities (Yin, 1993)	• Objective analysis of culture is not possible (Weber, 1949) • Generalises findings based on a detailed but limited number of case study situations Addressing the limitations: A conscious effort is made to detail the events in as value-free manner as possible. Case study subjects were identified based on the core commonality of being government organisations.
Analysis of documents	• External data sources are generally free of interpretation errors and researcher inference, • Secondary data is typically free of researcher bias , • Findings from different literature sources can be compared, • Quantitative measures such as statistics and financial data may be relatively easy to confirm, and changes in these measures can be compared over time (Lyon, Lumpkin, & Dess, 2000)	• Difficult to assess the accuracy of secondary data sources, in their attempt to identify and communicate key constructs, • Identification and measurement of constructs may lack precision and completeness, • Interpretation of such data may be inaccurate, depending on the analytical skills of the reader, • Analysis may be particularly complex where a wide range of data presents inconsistent findings, • Quantitative measures represent outcomes rather than processes. As such, they cannot be viewed in isolation as measures of underlying constructs, such as strategic entrepreneurship (Lyon, Lumpkin, & Dess, 2000) Addressing the limitations: Secondary data is reviewed critically, to consider the information being presented, as well as the purpose, potential bias, completeness, reliability, and validity of that information.
Focussed interviews	• Particularly relevant to the understanding of complex topics, provides the opportunity for rich data (Birley & Moreland, 1998)	• Measures of perceptions may lack internal consistency, due to individual bias of respondents (Lyon, Lumpkin, & Dess, 2000)

	• Management perceptions typically provide the most precise assessment of conditions within a firm, • Combines structure of topics to discuss, with the flexibility for interviewees to raise additional issues, and volunteer information they consider relevant to the discussion. • Interview protocol assists in establishing consistency, and ensuring specific topics are addressed in each interview, whilst allowing the interviews to remain situational and conversational. Thus the interview planning incorporates a systematic element (Yin, 1993)	• Risk of inconsistency and unreliability when comparing findings from various interviews, due to the element of flexibility, such that each interview is potentially different in format and content (Nisbet & Watt, 1984) • Time-consuming (Birley & Moreland, 1998) Addressing the limitations: Interview protocols are used, and questions structured and communicated in a consistent format. Observations made during the interview process and interpretations of interview data are assessed to determine whether any significant bias from interviewees exists.. Interview data is compared with other data as part of the triangulation process, to evaluate the consistency of each data source
Observation and interpretation	• Provides the opportunity for personal assessment and evaluation, rather than relying on external accounts	• Risk of bias, as it is not possible to isolate the observer from the context of the investigation (Cohen et al., 2000) • All observations contain errors of measurement, due to the personal nature of observation and interpretation Addressing the limitations: awareness of the existence of bias is noted, and a deliberate effort is made to limit such bias

Protocol for case study research on strategic entrepreneurship
August, 2004

Table of contents

1. **Introduction to research and case study**
1.1 Case study question and propositions
1.2 Theoretical framework
1.3 Purpose of the protocol

2. **Data collection procedures**
2.1 Selection of participant organisations
2.2 Identification and interview of individual participants
2.3 Interview process

3. **Outline of case study report**
3.1 Overview of report
3.2 Table outlines

4. **Case study questions**
4.1 Issues for consideration

5. **Evaluation**
5.1 Discussion of findings
5.2 A comparison of theory and practice

1. Introduction to research and case study

This section provides an overview of the research being undertaken, detailing the questions raised, and propositions to be examined. Essentially the aim of this research is to examine existing theory on the topic of strategic entrepreneurship. Based on the limitations of existing theory, propositions will be developed to form a strategic entrepreneurship framework. This framework will then be examined in the context of three separate organisations to consider the practical application of the framework, and whether it is supported by the activities and opportunities recognised as entrepreneurial, within these organisations.

1.1   Case study question and propositions

Specifically, the research question to be addressed is:
What constitutes strategic entrepreneurship: how is it identified in theory and recognised in practice? To address this question, four specific propositions will be examined:

1. Strategic entrepreneurship is based on the fundamental elements of opportunity recognition, innovation, acceptance of risk, flexibility, vision and growth. Collectively these elements represent the independent concept of strategic entrepreneurship: "*the circle of strategic entrepreneurship,*" which is a potential source of competitive advantage.

2. The concept of strategic entrepreneurship is not restricted to a particular domain, but rather can be applied to all levels and forms of business

3. Whilst integration of the fundamental elements results in the creation of strategic entrepreneurship, if all fundamental elements are not present, integrated and operating in a common direction, the concept of strategic entrepreneurship is incomplete. As such the elements which do exist, are not bound within the circle of strategic entrepreneurship, and may interact, complement, or conflict with other internal and external elements

4. Strategic entrepreneurship requires a balance of the fundamental elements, rather than a precise weighting of each element. This balance may shift over time, however provided a balance of each of the elements is maintained, competitive advantage will be created and maintained.

These propositions collectively represent a strategic entrepreneurship framework, which will be considered in the context of three separate organisations. Case studies will be conducted on each organisation to identify the elements fundamental to entrepreneurial activity and opportunity within those organisations. Individual case findings with be compared with existing literature, the proposed framework, and each other.

Within each case study, the specific questions of interest include:
1. What elements are considered fundamental to the entrepreneurial activity or opportunity identified within the organisation?
2. Are these elements consistent with the proposed framework of strategic entrepreneurship?
3. Do these elements support an alternative framework of strategic entrepreneurship, such as that put forward by Hitt, Ireland, Camp, and Sexton (2001)?

1.2 Theoretical framework

Based on the Global Entrepreneurship Monitor (GEM) Global Report for 2003 (Reynolds, Bygrave, Autio et al., 2004), New Zealand is ranked fifth in the global listing of entrepreneurial countries. The proposed study aims to explore the notions of entrepreneurship and strategic entrepreneurship, by examining three organisations which are perhaps reflective of New Zealand's ranking. This examination will provide the opportunity to gain a better understanding of what constitutes strategic entrepreneurship, and contribute towards the development of both theory and practice in this area.

1.3 Purpose of protocol

This protocol provides an outline of the case study topic, together with the method and procedures to be followed in the course of conducting each case study. As such, the protocol serves two main purposes: specifying the processes inherent to the study, and ensuring consistency in the conduct of research for each organisation being examined (Yin, 1993).

The following section examines procedural issues specific to the collection of data, outlining the relevant processes for identification and selection of participants, and methods employed as part of the data collection process.

2. Data collection procedures

In order to prepare a case study on the entrepreneurial activities and opportunities within three separate organisations, a number of steps are required. These steps are outlined below.

2.1 Selection of participant organisations

The first phase of the data collection involves obtaining details of strategic entrepreneurship in a practical business context: examining information on organisations generally recognised as entrepreneurial, in order to identify appropriate organisations which can be studied in further detail. This phase involves the collection and review of publicly available data from websites, documents, and reports, such as the GEM Global Report for 2003 (Reynolds et al., 2004).

2.2 Identification and interview of individual participants

The second phase involves identification and selection of a specific organisation whose activities, strategies, or opportunities are recognised as entrepreneurial. These activities and opportunities will be examined in detail, by obtaining background details specific to the entrepreneurial activity or opportunity from documents, websites, and other publicly available information; and interviewing people associated with each organisation, in order to identify the fundamental elements which contribute to these entrepreneurial activities and opportunities.

Once a suitable organisation has been identified and selected, the public relations department of this organisation will be contacted, and details requested of the most appropriate person within the organisation to assist with this study. This person will then be contacted, briefed on the

research being undertaken, and requested to participate in interviews, as part of the study. Initial contact would likely be made by phone, followed by correspondence through e-mail confirming the details of the phone discussion, and attaching a copy of the participant information sheet and the participation consent form. Copies of these documents are detailed as Appendix A and B respectively.

Once written consent is obtained, an interview will be arranged at a time and place convenient to the participant. This interview will be semi-structured, such that strategic entrepreneurship is the specific focus of the discussion. A list of questions to be included in the interview is detailed in Appendix C. Essentially, however, the interview will assume a discussion format (where possible), such that participants are able to provide background information and any additional details which they consider relevant to the topic. Voluntary disclosure of information will be encouraged, and confirmation will be obtained regarding whether the individual gives their consent to be identified in the final report.

In the event that clarification of any issues is required, or issues raised in the first interview need to be explored in more detail, a second interview with the participant will be arranged. Alternatively, if the first interviewee recommends that another person within the organisation be interviewed, to provide further insight, additional details, or a different perspective; a second interview will be arranged with that person. Any issues which require clarification or confirmation after these interviews (e.g. minor queries) would be addressed by phone. Collection of data will allow the information to be examined, evaluated, and presented in the case study report. The format of this report is considered in the following section.

3. Outline of case study report

The report on each organisation will assume a similar format, to assist both the researcher and reader to compare the data collected for each organisation. This report will provide a brief overview of the organisation, followed by a more detailed examination of the activities and opportunities recognised as entrepreneurial, within the organisation. In particular specific elements which contribute to the entrepreneurial activity or opportunity will be identified, focusing on the integration and balance of these elements, the outcome achieved, and nature of the outcome. These issues are examined in more detail below

3.1 Overview of report

The first section of the report will provide background details on the organisation, summarising the size and nature of the business, the industry in which it operates, and the financial performance of the organisation in recent years. The second section of the report will focus on the specific activities and opportunities within the organisation, which are recognised as entrepreneurial. An overview of these activities and opportunities will be presented, together with a more detailed examination of the elements considered fundamental to these activities. Such elements will be identified based on the participant's account of the situation, secondary data such as documents which specifically relate to the situation, and the researcher's observations and interpretation of the data obtained.

These elements will be summarised and presented in table format to enable comparison of the case study data with existing theory, the proposed framework, and data from case studies on the

other two organisations involved in this study. Coding and analysis of data will be assisted through the use of qualitative software (Nud*ist 6), to highlight patterns within each case study, and commonalities between the different cases. Preliminary conclusions on each case can then be drawn in the report. An outline of the tables which may be included in each report are presented and discussed briefly below.

3.2 Table outlines

The use of tables serves a number of purposes, proving the opportunity for data to be sorted, summarised, and reported in a clear and consistent manner. Essentially it assists in identifying discrete elements which may or may not be present within the data collected, facilitating cross-case comparison, and highlighting both the similarities and inconsistencies between individual cases; theory and practice. As such, a number of tables will be used in the report to organise and present the data obtained for each organisation. A pro-forma of such tables is detailed below.

The first table examines the data obtained in the context of the six elements which comprise the proposed framework of strategic entrepreneurship. By presenting the information in this format, support (or lack thereof) for the framework will be easily identifiable. The inclusion of a separate row for "*other*" elements also provides the opportunity for additional elements to be recognised as part of strategic entrepreneurship, thereby allowing the framework to be refined.

Table1: Examining the proposed framework: fundamental elements of strategic entrepreneurship

Fundamental elements of strategic entrepreneurship	Identification of each element within the activity or opportunity
1. opportunity identification	
2. innovation	
3. acceptance of risk	
4. flexibility	
5. vision	
6. growth	
7. other	

The second table considers practical support for an alternative framework put forward by Hitt et al. (2001). Whilst there are some elements common to both models, such as innovation; differences in elements and emphasis are also apparent, such as Hitt et al.'s recognition of internationalisation, compared to the broader notion of growth in the proposed framework.

Table 2: Examining an alternative framework: elements of strategic entrepreneurship

Fundamental elements of strategic entrepreneurship per Hitt et al. (2001)	Identification of each element within the activity or opportunity
1. external networks and alliances	
2. resources and organisational learning	
3. innovation and internationalisation	

Table 3: Examination of strategic entrepreneurship as a rounded concept

Elements within the "circle of strategic entrepreneurship"	Identification of each element within the activity or opportunity
1. scope of situation	(applicable to a specific level or form of business, or essentially available to numerous/all levels or forms of business?)
2. integration of fundamental elements	(consider whether the fundamental elements were integrated, and summarise details of this)
3. effect of integration (or lack thereof)	(details of outcomes identified)
4. balance of fundamental elements	(details indicating balance of elements)
5. shift in balance of these elements	(details of any shift in this balance over time)
6. benefit or outcome resulting from the situation	(details of the benefit, e/g/ creation of competitive advantage)
7. nature of the benefit	(enduring or temporary benefit, and perceived rationale for this nature)

The third table provides an overview of the creation and sustainment of strategic entrepreneurship, by examining the scope of the activity or opportunity, and whether it is considered specific to a particular level or form of business, integration of the elements considered fundamental to strategic entrepreneurship, the balance of these elements and any perceived shift in that balance over time, and the benefit or outcome resulting from the activity.

Once the data has been presented in the table formats detailed above, the case study questions can be addressed in a systematic manner for each of the organisations being examined. This task is considered briefly in the following section.

4. Case study questions

Analysis of the data for each organisation will provide the opportunity for the case study questions to be re-addressed and examined in a practical business context. This involves consideration of individual case study findings in the context of existing theory, the proposed framework, and findings on the other two organisations studied.

4.1 Issues for consideration

In view of the study's focus on "*what constitutes strategic entrepreneurship: how is it identified in theory and recognised in practice?*", and the specific case study questions of:
1. What elements are considered fundamental to strategic entrepreneurship in practice?
2. Are these elements consistent with the proposed framework?
3. Do these elements support an alternative framework such as that put forward by Hitt et al. (2001)?

These issues may be re-addressed and examined based on the information obtained on each of the organisations studied.

The first of the three case study questions requires consideration and evaluation of the basic elements of strategic entrepreneurship. Examining this issue in light of the data collected, will assist in addressing the second of third questions of whether the information obtained supports either the proposed framework of strategic entrepreneurship, or an alternative theory within the literature. Such findings can then be evaluated in a broader sense, to consider the implications for both theory and practice, and significance of these findings as a contribution to the development in understanding of strategic entrepreneurship. This evaluation process is considered in more detail in the following section.

5. Evaluation

Once the information specific to each organisation has been summarised and presented in the individual case study reports, evaluation of the overall findings in a broader context is required. This involves discussion of the findings, a comparison of theory and practice, and consideration of the theoretical and practical implications. These issues are examined below.

5.1 Discussion of findings

Based on the results of the individual case studies, similarities and inconsistencies can be identified and examined to consider the implications and possible rationale for these anomalies. This will assist in drawing conclusions on strategic entrepreneurship as a concept, from the various case studies conducted. These conclusions can then be considered in the specific context of theory and practice.

5.2 A comparison of theory and practice

Taking the conclusions drawn from theory, and those extracted from the analysis of practice within three separate organisations, a comparison can be made between the two. This will provide the opportunity to consider the development of theory, and in particular, areas where the proposed framework may be refined. From a practical viewpoint, it will also provide the opportunity to consider the implications for business, such as the effectiveness of a framework to identify future activities and opportunities to create competitive advantage. The rationale for any anomalies between theory and practice, and the implications for future development in the understanding of strategic entrepreneurship in both a theoretical and practical context, can then also be considered.

Appendix H   Definition and description of terms relevant to MetService's operations

Term	Definition
Cow heat stress index	Service to predict the level of discomfort for animals based on weather related data
Energy production forecasts	Forecasts of energy based on weather related data, provided primarily to power stations based in the United Kingdom
MetFax	Weather information services available by fax
MetNet	Weather information services available online
MetPhone	Weather information services available by telephone
MetService	Meteorological Service of New Zealand; a state-owned enterprise providing commercial weather related services
MStar	Small weather stations used for isolated areas, which combine solar power and mobile phone technology
Pasture growth index	Service to predict the volume of pasture growth based on weather related data
Turbulence forecasting	Forecasts of air turbulence based on weather related data, provided mainly to Qantas in respect of the Himalayan region
Weatherscape	Weather graphics software program developed jointly by MetService and TVNZ
Weatherscape XT	Weatherscape "extreme": advanced weather graphics software developed by MetService and licensed to various television stations throughout the world

Appendix I   Definition and description of terms relevant to NZ Post's operations

Term	Definition
eBill	Electronic payment service offered by NZ Post such that payments made to NZ Post on behalf of more than 80 different organisations, can be done online
Electoral Enrolment Centre	Service offered by NZ Post to effectively manage the electoral enrolment process, on behalf of the Ministry of Justice
Kiwibank	Subsidiary of NZ Post which provides banking services throughout New Zealand
Geographic information system	Software which electronically maps customer delivery points, and is particularly useful for locating rural delivery points
NZ Post	New Zealand Post Limited, a state owned enterprise which provides postal services throughout New Zealand and abroad
Paystream	Service which automatically redirects a set amount or percentage of electronic deposits (from a cheque account for example) to a customers' savings account
Sweep, Dynamic sweep	Financial services which automatically transfer funds between accounts to ensure minimum balances (specified by customers) are maintained, and any excess funds available (over a customer specified amount) are transferred to accounts with higher interest rates
Transcend Worldwide Limited	Subsidiary of New Zealand Post which provides consulting services in the international market
VPayable	Electronic payment software which provides for automatic payment of accounts payable
VRetrieve	A hosted archive and mail retrieval system introduced by Datamail, a subsidiary of NZ Post

Appendix J   Subsidiary and associated companies of NZ Post as at June 2004

Name of entity	Principal business activity	Shareholding %
Books & More NZ Limited	Franchisor for Books & More stores	100%
Communication Arts Limited	Print management	100%
Couriers Please Pty Limited	Distribution	100%
Datamail Limited	Data and document management	100%
Express Couriers Limited	Distribution	100%
Infolink Group Limited	Software development and management	100%
Kiwibank Limited	Registered bank	100%
Letterbox Channel Limited	Postal service	100%
MessageMedia NZ Limited	E-marketing	100%
NZ Post B&M Franchises Limited	Holding company	100%
NZP Australia Pty Limited	Holding company	100%
New Zealand Post Holdings Limited	International mail business	100%
New Zealand Post Supply Chain Pty Limited	Holding company	100%
Outsource Australia Pty Limited	Business process outsourcing	75%
Outsource Solutions Limited	Business process outsourcing	68%
SkyRoad Limited	Distribution	100%
The Dawson Group Pty Limited	Software development and management	56%
The Electronic Commerce Network Limited	Electronic services	100%
Transcend Worldwide Limited	International consultancy	100%

(NZ Post Annual Report, 2004)

Appendix K   Definition and description of terms relevant to Quotable Value's operations

Term	Definition
E-Valuer	Online service developed by Quotable Value which provides current and immediate property valuations for any property in New Zealand
Infobase	Database of all properties in New Zealand, available via Quotable Value's website
Mapping services	Software developed by Quotable Value which provides property information by way of graphics data for the region in which a property is located
Quotable Value (QV)	Quotable Value New Zealand Limited, a state-owned enterprise providing valuation and property services
QV Online	Division within Quotable Value which sources property databases and provides property related data online
QV Ratings and Taxation	Division within Quotable Value which provides ratings valuations for local authorities
QV Valuations	Division within Quotable Value which provides market valuations for residential, rural, commercial, and industrial properties throughout New Zealand

Appendix L   The Auction

The Auction

A fortnightly snapshot of residential properties offered for sale at auction in Auckland. We show what each property looks like, give its vital statistics, examine the price . . . then see how the auction went.

(New Zealand Herald, 2005b)