

**CORPORATE ENTREPRENEURSHIP AND ORGANIZATIONAL
PERFORMANCE: A CASE OF KCB KENYA LIMITED**

BY:

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DECLARATION

This research project is my original work and has not been submitted for a degree in any other university.

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This research project has been approved for presentation by my supervisor

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DEDICATION

This study is dedicated to my daughter Jewel, my son Jayden and my parents Mr & Mrs A. Mwaniki, for their moral support, encouragement and patience during the entire period of my study and continued prayers towards successful completion of this course.

May God bless you all.

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ABBREVIATIONS AND ACROYMNS

CE	- Corporate Entrepreneurship
EO	- Entrepreneurial Orientation
PLCs	- Public-Listed Companies
RBV	-Resource-Based View
ROA	-Return on Assets
ROS	-Return on sales
NACOSTI	-National Commission for science, technology and innovation

OPERATIONAL DEFINITION OF TERMS

Organizational performance is the ability of an organization to fulfill its mission through sound management, strong governance and a persistent re dedication to achieving results measured by profitability, market share and customer base (Parasuraman, 2002)

Corporate Risk taking is the willingness to commit own or borrowed resources to a venture or project without having assurance of making profit.

Innovativeness refers to the introduction of new products, processes, or making some strategic improvements to existing products or processes.

Corporate Pro-activeness is a situation where an organization anticipates opportunities and organizes resources for exploitation of the identified opportunities before other organizations notice the presence of such opportunities.

Corporate Entrepreneurial culture means that employees should be encouraged to be creative and innovative in order for the organization to behave entrepreneurially

Corporate Entrepreneurship -refer to the development of new ideas and opportunities within large or established businesses, directly leading to the improvement of organizational profitability and an enhancement of competitive position or the strategic renewal of an existing business.

ABSTRACT

Corporate entrepreneurship has been regarded an important element of successful organizations since it has its consequences in increasing productivity, improving best practices, creating new industries, enhancing international competitiveness. Corporate entrepreneurial orientation plays a critical role in influencing bank performance in competitive market in Kenya. For instance, Kenya Commercial Bank Kenya Limited embraced corporate entrepreneurial approach and expanded with branches opened in Uganda, Burundi Rwanda, Tanzania and South Sudan becoming the bank with the widest network of banking outlets comprising over 222 branches and over 400 automated teller machines in Kenya. Despite increase in embracing corporate entrepreneurial role in Kenya Commercial Bank, there have been dearth studies focusing on effects of corporate entrepreneurship on performance of banking industry in Kenya. The broad objective of the study was to determine influence of corporate entrepreneurship on organization performance in the Kenya Commercial Bank Kenya Limited. The study was grounded in resource based view theory, human capital theory and Schumpeterian theory of innovation on the premise that corporate entrepreneurship efforts result in increased performance. The study adopted descriptive research design for it portrays an accurate profile of situations. The population of this study was 144 respondents ‘corporate relationship managers, financial managers, strategic managers, human resource managers, operational managers and IT officers from Kenya Commercial Bank Kenya Limited. Stratified proportionate random sampling technique was used to select the sample. The study took 50% of the population to select a sample size of 72 of the study population. The study collected both primary data and the data collection instruments were questionnaires. The descriptive statistics, the mean scores, the standard deviations and percentages were used to analyze quantitative data. Further inferential statistics correlation and regression was done. Correlation analysis was used to establish the strength of association between variables. Regression analysis was done to establish relationship between corporate entrepreneurship and organization performance in Kenya Commercial Bank Limited. The study established that corporate risk taking had a significant influence on bank performance. The findings revealed that corporate entrepreneurial culture had a significant influence on performance at Kenya Commercial Bank Limited. The results indicated that through bank corporate innovation, utilization of mobile banking, online banking, automated cheques clearing and RTGS transfers and innovation influence performance. This study revealed that bank pro-activeness has led to diversification of bank corporate services, enhance strategic alliance, and improve mergers and acquisitions and introduction of new bank products influence bank performance to a great extent. The study concluded that corporate entrepreneurship achieved bank performance. The results indicated that corporate entrepreneurship had led to an increase in bank market share, increase in bank profits, increased customer base and an increase in Return on assets.

CHAPTER ONE: INTRODUCTION

1.1 Background of the study

The environment in which organizations operate is constantly changing with different factors influencing the organizations. Since the turn of the millennium, the general business environment has become more volatile, unpredictable and very competitive (Baumol, Litan.,Schramm(2009). In a world of ever increasing global economy, the idea of corporate entrepreneurship has become a topic that leaders and managers must not only be aware of conceptually but also understand in order to be able to strategize and position for organizational viability. As a growing competitive advantage for organizations, succeeding in corporate entrepreneurship is necessity in today's market place. Entrepreneurship is currently a key issue due to its influence on the appearance and survival of organizations due to increased market competition (Bosma &Levie, 2010). Entrepreneurship can manifest itself in the creation of a new company or through corporate activities in existing firms, called corporate entrepreneurship (Wyk & Adonisi, 2012).

Entrepreneurship is a driving force for modern economies and societal development through economic growth, generation of employment and the promotion of innovation. To stimulate these entrepreneurial activities within an organization, it is necessary to build an adequate level of entrepreneurial orientation (Dess and Lumpkin, 2005). According to Zahra (2008) entrepreneurial orientation is related to corporate proactivity and innovativeness as shown by corporate processes, practices and activities to increase competitive market hence the need for the organization to embrace risk assumption and

competitive aggressiveness, which are reflected in the actions of the organisation's members. The empirical evidence is compelling that CE improves company performance by increasing the firm's pro-activeness and willingness to take risks, and by pioneering the development of new products, processes, and services.

Given this firmly established base for the effectiveness of CE, we believe that research should now focus on identifying the underlying processes that determine the contributions of CE to a company's performance. Corporate entrepreneurship is a strategic variable in successful organizations (Antoncic & Prodan, 2008). It is positively related to the firm's growth and profitability. Organizations that engage in entrepreneurial activities achieve higher levels of growth and profitability than organizations that do not (Mahmood & Wahid, 2012).

A study by Zahra and Garvis (2000) shows that international corporate US companies' entrepreneurship was positively associated with the firm's overall profitability and growth, as well as its foreign profitability and growth in spite of high competition in the market. Furthermore, corporate entrepreneurship enables organizational performance and increased market competition in the banking industry (Antoncic & Prodan, 2008). Entrepreneurs who identify their firms' positions in the competitive network of the industry correctly strengthen and engage new sales, financial capital and important decisions about alliances and joint projects Wood and McKinley (2010) suggest that entrepreneurs are not simply filters and interpreters of information rather, they are an integral part of opportunity emergence, as they invent part of what they believe to be viable in order to improve organizational performance ((Batjargal, 2007). Corporate

entrepreneurship, the establishment of new businesses or the renewal of existing ones by an organisation, is increasingly recognized as necessary for a company's ongoing competitiveness and growth.

1.1.1 Concept of Corporate Entrepreneurship

Corporate entrepreneurship is the act of initiating new ventures or creating value with an already established organization or social entity (Drucker, 2000). Adonisi (2005) defines CE to constitute the sum of the organization, innovation, renewal, venture, pro-activeness and risk taking. This definition is comprehensive in that it encompasses all the elements of CE. Corporate entrepreneurship (CE), refers to the development of new business ideas and opportunities within large and established corporations (Bickenshaw, 2003).

Corporate Entrepreneurship may involve creation of new business within an existing organization, pervasive activity associated with the transformation or renewal of existing organizations. An enterprise changes the rules of competition for its industry in the manner and that corporate entrepreneurship is an important component of organizational and economic development and wealth creation (Chen & Cangahuala, 2010).

Growth and profitability are performance elements that can be considered as important outputs or consequences of corporate entrepreneurship. Corporate entrepreneurship has been regarded an important element of successful organizations since it has its consequences in increasing productivity, improving best practices, creating new industries and enhancing international competitiveness (Zahra, 2008). Corporate entrepreneurship is especially crucial for large companies, enabling these organizations

that are traditionally averse to risk-taking to innovate, driving leaders and teams toward an increased level of corporate enterprising.

Entrepreneurial activities help companies to develop new businesses that create revenue streams, enhance a company's success by promoting product and process innovations. In many areas, CE activities can create new knowledge that can improve the firm's ability to respond to changes in its markets by enhancing the company's competencies and thus determine the results of competitive rivalries among firms. Wyk & Adonisi, (2012) CE is a process used in established firms seeking to use innovation as the means to pursue entrepreneurial opportunities. CE helps a firm create new businesses through product and process innovations and market developments and foster the strategic renewal of existing operations. CE can take place on the corporate, business unit, functional, or project levels, with the unifying objective of improving a company's competitive position and financial performance (Sebora, Theerapatvong & Lee, 2010)

1.1.2 Organizational Performance

The concept of organizational performance is based upon the idea that an organization is the voluntary association of productive assets, including human, physical, and capital resources, for the purpose of achieving a shared purpose (Cassey, 2006). Organizational performance comprises the actual output or results of an organization as measured against its intended outputs or goals and objectives. According to Bhattacharrya (2002) organizational performance encompasses three specific areas of firm outcomes, financial performance that is profits, return on assets and return on investment, product market

performance that is sales, market share and total shareholder return and economic value added.

Organizational performance is therefore the ability of an organization to fulfill its mission through sound management, strong governance and a persistent rededication to achieving results. Ibarra (2005) proposed that firms delivering services must broaden their examination of productivity from the conventional company-oriented perspective to a dual company-customer perspective. This broadened approach can help reconcile conflicts or leverage synergies between improving service quality and boosting service productivity (Huang & Tung, 2001). Organization performance measurement is considered a multifaceted concept that occurs at different sectoral levels for industry, corporate and business sectional unit. However, there is a necessity to target specific factors which contribute to the performance in a manner that matches context of the organizations with sector factors that can sustain performance over the long term (McGahan, 2004)

1.1.3 Kenya Commercial Bank Kenya Limited

The history of KCB dates back to 1896 when its predecessor, the National Bank of India opened an outlet in Mombasa. Eight years later in 1904, the Bank extended its operations to Nairobi, which had become the Headquarters of the expanding railway line to Uganda. Upon independence the Government of Kenya acquired 60% shareholding in National & Grindlay's Bank in an effort to bring banking closer to the majority of Kenyans. In 1997, another subsidiary, KCB Bank (Tanzania) Limited was incorporated in Dar-es-Salaam, Tanzania, subsidiary has 11 branches (KCB, 2013).

Kenya's biggest bank by assets posted a 13 percent rise in first-half pretax profit, from a year earlier, to 13.20 billion shillings (\$130 million), driven by growth in fees, commissions and interest income. Gross fees and commissions jumped 21 percent to 6.84 billion shillings, while net interest income rose 13 percent to 19.45 billion shillings, the bank said. Earnings per share increased to 6.11 shillings from 5.48 shillings (KCB, 2015). KCB is the largest bank in Kenya with market shares of 13.1% (F11: 14%) and 16.6% (F11: 14%) of total industry assets and deposits respectively, as at 31 December 2012. Total assets grew by 11% to KShs.498bn in F12 (F11: 31.6%), compared to an average industry growth of 15%. The asset mix was relatively constant for the year, although reflecting a notable increase in funds allocated to Government Paper. Arrears grew by 20.6% to KSh14.8bn as at FYE12, as repayment pressure continued to drag on portfolio performance. Consequently, the gross NPLs ratio increased to 6.7%. Total provisions covered 60% of the capital value in arrears, down from 65% in F11

Customer deposits grew by 11% in F12, comparatively lower than the average industry growth of 14.8%. The deposit base is fairly diversified, with the single largest and 20 largest depositors constituting 2.5% and 22.7% of total deposits respectively as at FYE12. Borrowings mainly comprise a 7-year loan facility of US\$100m from the International Finance Corporation, at an effective interest rate of 2.25%. The total gross loan book grew by a modest 6.5% (F11: 20.1%) to KShs220.6bn, as the group focused on bad debt recovery. The sectorial distribution of loans remained largely unchanged with lending activities targeted at corporates (39%), followed by microcredit (26%) and the construction sector (17%).

The KCB's net profit before tax, NPBT, grew by 13.7% in 2014 to KShs17.2bn in 2015 growth of 54.4%. The performance was 37% below budget. Net interest income grew by 28% (F11: 22%) to KShs30.6bn, supported by higher margins. The weighted average effective interest rate on loans and advances increased from 12.7% in F11 to 18.5%, driven by the tightening of monetary policy (KCB, 2015)

1.2 Statement of the Problem

Corporate entrepreneurship has been recognized as an effective strategy by which to improve enterprise performance (growth and profitability) and as a result corporate managers are unanimous in making their employees and organizations more entrepreneurial. There have been many studies that link corporate entrepreneurship to the company's growth and profitability. From the empirical evidence, corporate entrepreneurship improves performance by increasing company's pro-activeness and willingness to take risks by pioneering the development of new products, processes and services can be found in the literature. A longitudinal study by Zahra and Covin (2005) in which they examined the longitudinal impact of corporate entrepreneurship on a financial performance index, composed of both growth and profitability indicators, provides the best evidence of a strong relationship between corporate entrepreneurship and the performance. Antoncic and Hisrich (2014) study demonstrate that corporate entrepreneurship makes a difference on the company's performance, observed by growth, profitability and new wealth creation. Moreover, Zahra and Garvis (2000) in their research showed that even international entrepreneurial efforts can enhance the growth and profitability of a company's performance.

Although, it sounds like an easily comprehensive relationship it is actually much more complex. Literature also mentions that some empirical research have not found any relation between companies entrepreneurial orientation and the company's performance (Smart and Contatnt, 2004). Therefore, Lumpkin and Dess (2006) state that previously mentioned relationship is much more complex because it depends on the external as well on the internal organizational characteristics. Therefore, in this research the authors show a positive link between corporate entrepreneurship and company's performance in the context of Croatian's large companies, measured in the terms of value added. Ahmad, Nasurdin and Zainal (2012) indicated that there is inadequate empirical evidence that corporate entrepreneurship is closely linked to improved enterprise performance. Other researchers have found that, the link between corporate entrepreneurship and organizational performance in the banking environment is unclear from previous research (Kreiser & Davis, 2010).

The rapid growth of global economies, changes in technology, market competition and ever changing business environment have caused the banks to struggle for profitability, growth and performance. With the intense competition among banks are embracing corporate entrepreneurship as the performance of the bank. Corporate entrepreneurship with innovative products, strategic renewal and quality services will provide the banks with competitive advantages in the organization, sustaining them in their business challenges and survival increased competition in the commercial banks. Thus, if entrepreneurship is to be used by commercial banks as a strategy for survival, it is critical that this link be empirically investigated in the context of this industry. Very little in-

depth research regarding Corporate Entrepreneurship has been undertaken in the banking context.

The purpose of this study was to find out if corporate entrepreneurial orientation plays a critical role in influencing bank performance in competitive market in Kenya. KCB embraced corporate entrepreneurial approach and its performing better but past research has not connected CE with bank performance. Despite increase in embracing corporate entrepreneurial role in KCB, there have been dearth studies focusing on the influence of corporate entrepreneurship on increased competition in the banking industry in Kenya. This study sought to fill the existing knowledge gap by determining relationship between corporate entrepreneurship and firm performance in the banking industry focusing on KCB Kenya Limited.

1.3 Objectives of the Study

1.3.1 General Objective

The broad objective of the study was to determine and assess the relationship between corporate entrepreneurship and organization performance in the KCB Kenya Limited.

1.3.2 Specific Objectives

The study however, sought specifically to:

- i. To determine the influence of corporate entrepreneurial risk taking on the performance of KCB Kenya Limited
- ii. To determine the influence of corporate innovation on the performance of the KCB Kenya Limited

- iii. To assess the influence of corporate entrepreneurial culture on the performance of KCB Kenya Limited
- iv. To examine the influence of corporate pro-activeness on the performance of KCB Kenya Limited

1.4 Research Questions

The study was guided by the following research questions;

- i. How does corporate entrepreneurial risk taking influence organizational performance in KCB Kenya Limited?
- ii. To what extent does corporate innovation influence organizational performance in KCB Kenya Limited?
- iii. To what extent does corporate entrepreneurial culture influence organizational performance in KCB Kenya Limited?
- iv. How does corporate pro-activeness influence organizational performance in KCB Kenya Limited

1.5 Significance of the Study

This study is paramount in that it will enable directors and management of KCB Kenya Limited and other commercial banks appreciate the influence of corporate entrepreneurship on performance of the banks and seeks measure to enhance corporate entrepreneurship to competitive advantage in the entire market and significantly improve on bank's performance.

The study will help shareholders know the various mechanisms through which they can exercise their control. Potential investors will also benefit as they will be able to determine the extent corporate entrepreneurship adopted by the bank will have effects on the shareholder value and returns make wise investment decisions.

The government will also benefit from the study as it study would offer insight on importance of corporate entrepreneurship in banking institutions and develop policies that will enhance effective corporate entrepreneurship to improve on banks performance therefore avoiding collapse of banking institutions and improve economic development.

The study will be significant to researchers and academicians will be furnished with relevant information regarding the influence of corporate entrepreneurship on organization performance in banks in Kenya. The study will also contribute to the general body of knowledge and form a basis for further research.

1.6 Limitations of the Study

The main limitation of study was inability to include commercial banks to provide a more broad based analysis due to constraints of financial and time resources. The researcher drew a time schedule and a budget that enabled the study to be completed using the budget drawn and within the required time of the study.

The study also encountered unwillingness by respondents for example corporate managers, financial managers and credit officers to reveal information, which may be thought confidential. However, the researcher assured the respondents that the information they would offer would be held confidentially and would be used for academic purposes only in seeking to establish the determine determining influence of

corporate entrepreneurship on firm performance in the banking industry focusing on KCB bank Limited.

1.7 Scope of the Study

The study sought to determine the relationship between corporate entrepreneurship and firm performance in the banking industry. The study focused on a case of KCB Kenya Limited. The study focused on a case of KCB Kenya Limited as it's the largest investment in corporate entrepreneurship in Kenya. The study focused on establishing the effects of corporate entrepreneurship and organizational performance in KCB Kenya Limited. The study considered study period of time from 2010 to 2015. This is the period the KCB Kenya Limited has stabilized on the investment in corporate ventures and aggressively into the subsidiaries. The period of the study was six months, this provided sufficient time to do data collection and to conduct analysis, the trend that enabled the study achieve its objective.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents the literature review on studies done on the same study. The chapter present theoretical review, empirical review, conceptual framework and research gaps.

2.2 Theoretical Review

Antoncinc and Hisrich (2000) argue that the principal emphasis in the new business-venturing dimension is on pursuing and entering new businesses related to a firm's current products or markets. The innovativeness dimension is primarily concerned with the creation of new products, services and technologies. The proposed theories is on the premise that corporate entrepreneurship efforts result in increased performance and therefore, firms that engage in entrepreneurial activities are expected to achieve higher levels of growth and profitability than organizations that do not.

2.2.1 Resource Based View Theory

The theory was proposed by Penrose, 1959. According to the resource based theory of firm performance, superior performance can solely be attributed to the unique resources and capabilities that reside within the firm. The theory argues that access to resources by founders is an important predictor of opportunity based entrepreneurship and new venture growth (Alvarez & Busenitz, 2001). It stresses the importance of all the resources held by an enterprise (Aldrich, 1999). It suggests that access to resources enhances the individual's ability to detect and act upon discovered opportunities (Davidson & Honing,

2003). Resources held by an enterprise form the building blocks to a firm's functioning and performance and are the inputs into the production process (Hisrich, Peters & Shepherd, 2008). The authors further argue that resources possessed by an enterprise can be combined in different ways to create a bundle of resources that provides the firm its capacity to achieve superior performance and hence growth. In the light of resource-based view (RBV) theory, entrepreneurial orientation is regarded as an intangible organizational resource that gives an organization a competitive advantage, which, in turn, contributes to superior performance (Barney, 1991) Financial capital, physical resources and a skilled human resource pool are tangible and intangible resources that can be combined by an enterprise to create a competitive advantage over its competitors.

The theory of resource based-view (RBV) states that organizational resources which are valued, rare, and difficult to duplicate and substitute are a source of competitive advantage, which is capable of improving business performance (Barney, 1991). Corporate entrepreneurship (CE), in the light of RBV theory, is acknowledged as a valuable organizational resource, which can give business organizations competitive edges over rivals in the marketplace.

Thus, resource based-view contributes significantly to corporate entrepreneurial activities as it leads to durability hence increase performance. Increasing pace of technological change is shortening the useful life-spans of most resources if they are not subject to continual analysis and improvement. Capabilities depreciate relatively slowly like in the case of reputation.

Transferability, if an enterprise can acquire the resources or capabilities required for imitating the competitive advantage of a successful competitor, than the competitor's competitive advantage will disappear; sometimes transferability can be obtained only in case of merging or acquiring another enterprise like reputation.

Corporate entrepreneurship is a source of competitive and growth strategies. CE rejuvenates and ensures continued existence of an organization. All business organizations, whether new or old, small or large, must be proactive and innovative in their behaviours in order to flourish and compete successfully in the marketplace (Kuratko et al., 2004).

2.2.2 Theory of Corporate Entrepreneurship

CE Model of Lumpkin and Dess in comparison, Lumpkin and Dess (1996) present an alternative model for entrepreneurial orientation. These authors describe entrepreneurial orientation in terms of the five dimensions, autonomy, innovativeness, risk taking pro-activeness and competitive aggressiveness. Key dimensions that characterize EO include a propensity to act autonomously, a willingness to innovate and take risks and a tendency to be aggressive toward competitors and proactive relative to marketplace opportunities

The studies examine CE- performance relationships among firms. In context of this study, the study adopts the conceptual model of EO- performance relationship by Lumpkin and Dess (1996). The theoretical model presents an alternative model for CE that shows the EO- performance relationship that involves five CE dimensions innovativeness, risk taking, pro-activeness, competitive aggressiveness and autonomy

moderated by environmental factors (dynamism, munificence, complexity and industry characteristics) and organizational factors (that is size, structure, strategy, strategy making processes, firm resources and culture) affect performance of the firms (as sales growth, profitability, overall performance and stakeholder satisfaction).

In this study, the study uses the innovativeness dimension of CE that involves product, process and organizational innovativeness, and financial performance that contains profit and sales constructs. Meanwhile, the study believes that the innovativeness dimension of CE affects the financial performance of the banking sector.

Thus the theory of Corporate Entrepreneurship contributes significantly to corporate entrepreneurial performance in that it emphasizes on enterprise innovative activities contributing consequently to long-term competitive strength.

2.2.3 Schumpeterian Theory of Innovation

According to Schumpeter (2004) innovation involves the whole process from opportunity identification, ideation or invention to development, prototyping, production, marketing and sales, he argued that innovation comes about through new combinations made by an entrepreneur, resulting in ; a new product ; a new process; opening of new market and new sources of supply.

Entrepreneurial orientation is a term that addresses the mindset of firms engaged in the pursuit of new ventures. It has been used to describe a fairly consistent set of related activities or processes. Such processes incorporate a wide variety of activities such as planning, analysis, decision making and many aspects of a firm's culture, value-system

and mission. Hence, entrepreneurial orientation may be viewed as firm-level strategy-making process that firms use to enact their organizational purpose, sustain their vision and create competitive advantages (Wiklund and Shepherd, 2004). Thus, it can be argued that entrepreneurial orientation is an important measure of the way a firm is organized.

Schumpeterian innovation can be viewed as not only the transforming of the enterprise but also the competitive environments into something substantially different (Stopford & Baden-Fuller, 1994). They also argue that these innovations apply to new products or ideas are usually associated with emerging industries, however, they are applicable to existing incumbents in well-established industries. For example, the study of Shell (De Geus, 1988) and GE (Tichy & Charan, 1989) reveals that sometimes organizations react to others' innovations and eventually create new capabilities to the extent that the rules of the industry would be changed. An industry is radically altered due to the frame breaking change brought out by a firm in the industry. Schumpeterian corporate entrepreneurship is the likely outcome of the present situation because the right atmosphere exists for major innovations. Not only are top managers encouraging new initiatives but employees also have very high desire to exploit available opportunities. By definition, this cell embodies the autonomous strategic behavior identified by Burgelman (1983).

The basic raw material for Schumpeterian type entrepreneurship and entrepreneurial ideas are provided by the employees. And as Penrose (1950) suggests the slack resources or even average amounts can significantly enhance entrepreneurial discovery. Hence, in this case, the managerial resource is abundantly available. This theory helps to define how corporate entrepreneurial orientation influence performance in large firms. The

theory suggest that entrepreneurial activities within existing business organizations are a source of rejuvenation that gives organizations competitive edges over rivals, which, in turn, contributes to enhanced organizational performance . Human capital theory is applicable to the study as it acknowledges that organizational-level entrepreneurship is related to profitability, growth, strategic renewal, market share, wealth creation, and overall performance (Wyk & Adonisi, 2012)

Thus Schumpeterian Theory of Innovation significantly to corporate entrepreneurial in that it gives firms the ability to present new products or services to the market ahead of competitors, which also gives them a competitive advantage. It contributes to the pro-activeness in the corporate enterprise which involves pursuing opportunities and the will to respond aggressively to environments.

2.2.4 The CE Model of Goosen de Coning and Smit

Goosen *et al.*(2002) developed a CE model incorporating three components of CE that have been well documented in the literature. These are innovativeness, self renewal and pro-activeness. The authors also included the component new business venturing from the work of Antoncic and Hisrich (2011). The Goosen, de Coning and Smit (2002) model is particularly germane to the present study. It has offered rich and new dimensions to the construct of CE. Although the literature on CE recognizes the importance of management support, the Goosen, *et al.* (2002) study Management, Pro activeness, Innovative has amplified on the CE construct by recognizing nine related dimensions, namely management style, management orientation, communication,

environment, structures, strategy, risk-taking, creativity and innovation, product innovativeness and pro-activeness.

The new additional dimensions add to the richness of the CE culture. Some of the aspects have not been captured in CE models developed before. The model is useful in this study since it provides a source of entrepreneurial constructs such as autonomy, innovativeness, pro-activeness. It also covers management which is an organization factor.

2.3 Empirical Review

Corporate entrepreneurship is essential in competitive markets nowadays. Zhao, Li, Lee, & Chen, (2011) argued that corporate entrepreneurship will have more positive impact on business performance if it is combined with other strategic business orientation. Emerging global markets and rapid technological developments make strong demands on the ability of companies to develop and utilize their resources (Huse *et al* 2005). By being involved in corporate entrepreneurship, companies can absorb these pressures and prosper.

2.3.1 Corporate Risk Taking

Risk taking involves taking bold actions by venturing into the unknown, borrowing heavily and/or committing significant resources to ventures in uncertain environments (Wang, 2008). Zahra and Garvis (2000) define risk taking as a company's disposition to support innovative projects, even when the payoff from these activities is uncertain. Subsequently these activities can enhance the company's ability to recognize and exploit market opportunities ahead of its competitors.

Autonomy within the entrepreneurial organization allows individuals to act freely and be able to explore new ideas (Lumpkin *et al* 2009) that can create competitive advantage. This type of behaviour by individuals within the firm brings about the possibility of acting on potential ideas for the future growth of the firm. The behaviour of managers by insisting on following the tried-and-tested paths or tending to support only projects with expected returns that are certain, have a negative relation to performance as compared to taking bold actions by entering the unknown business environment . Thus, the support by senior management within the organization allows for individuals to take calculated risks (Mahmood & Wahid, 2012).

Entrepreneurial firms are risk-tolerant and this characteristic often stimulates them to eliminate the kind of traditional authoritarian structures that inhibit collaborative learning (Wang 2008). These firms allow individuals and teams to act independently and exercise their creativity by taking risks in coming up with new ideas. According to Miller (1983) and Wang (2008) risk-tolerant and innovative firms' managers encourage new ways of thinking - tolerating mistakes and rewarding individuals with new ideas that contribute to innovation and business improvement. The culture of allowing individuals to making mistakes when trying new ways of improving business performance promotes a sense of open-mindedness (Moreno and Casillas 2008).

Corporate entrepreneurship has been studied by different authors before (Sebora, and Theerapatvong 2009). Most of these studies were attempting empirically to test the influence of corporate entrepreneurship on company performance and sustainability

Ambadland Wahab (2013) carried a study on effect of corporate entrepreneurship (CE) on the performance of the public-listed companies (PLCs) in Malaysia. These companies are currently facing more challenging environments compared to the past as their survival rates are declining and suffering from low level of profitability. In this new era where the resources are tight and highly competitive, the rapid technological changes have shortened the product life cycles and have caused uncertain business environment. The firms that do not practice CE will be competed out of the market. Wyk & Adonisi, (2012) observed that the entrepreneurial orientation (EO) and corporate venturing (CV) are utilized as a proxy of CE. The actual data of sales growth; return on Assets (ROA) and return on sales (ROS) were used measures of firm performance. This study also investigates the moderating influence of environmental dynamism on CE dimensions and firm performance. The data was collected from 130 companies listed in the main market of Bursa Malaysia. In order to analyze the survey data, the study has used Partial Least Squares (PLS) approach to Structural Equation Modelling (SEM). This study concluded that the EO is positively related to firm's profitability but has no relationship with firm's growth whereas corporate venture is positively related to firm's growth but has no relationship with firm's profitability. The environmental dynamism moderates these relationships.

Lwamba at al (2013) explored the effect of innovativeness dimension of corporate entrepreneurship (CE) on financial performance of Kenya's manufacturing firms. The study establishes the effect of product innovativeness on financial performance; the effect of process inattentiveness on financial performance and the effect of organizational

innovativeness on financial performance of manufacturing firms in Kenya. Data gathered from 186 manufacturing firms in Kenya. The findings of the regression between financial performance and innovativeness constructs yielded the coefficient of $F(3,183) = 12.141$ ($p < .001$) and the regression coefficient of $R^2 = .167$ ($p < .001$). These results denoted that the model was statistically significant and explained 16.7 percent of variance in financial performance. This indicates that the effect of innovativeness on financial performance is significant ($p < .001$). The results of the regression coefficients for process innovativeness ($\beta = .118$, $p > .050$) despite being positively associated with financial performance, was insignificant. This finding may suggest that firms are not responsive to process innovativeness through disregarding frequent trials of new techniques of manufacturing goods

2.3.2 Corporate Culture of Entrepreneurship

Entrepreneurial culture is a pattern of basic assumptions invented and designed to assist people to learn to cope with the problems of external adaptation and internal integration (Morris *et al* 2008). The influence of corporate entrepreneurship on business performance may vary as a function of cultural norms. The corporate culture is one which celebrates caution and conformity, convention, protocol, rules and procedures in an organization (Venter *et al* 2008). The culture that allows individuals to bring new ideas and tolerate risk is a key element of sustainable business performance (Wang 2008). Entrepreneurial culture stimulates innovation, flexibility and performance. Entrepreneurship should be encouraged in an organization by creating an appropriate entrepreneurial culture and fostering an entrepreneurial climate.

For a business organization to undertake entrepreneurial activities and improve its performance, it must possess or exhibit supportive organizational cultures. Organizational culture affects business activities and performance (Chuang, Morgan, & Robson, 2012). It also affects organizational behaviours and determines how an organization relates with its external environment. This study argued that for an organization to undertake entrepreneurial activities and improve its performance, it must possess entrepreneurial culture. Entrepreneurial culture requires that a business organization should be creative, innovative, and must not be averse to risk-taking. Also, learning and adaptive cultures are necessary for corporate entrepreneurial activities to impact positively on business performance (Al-Swidi & Al-Hosam, 2012).

More so, organizational culture of change and innovation is necessary for entrepreneurial activities to thrive (Ireland et al., 2006). Entrepreneurially-intense cultures also place high importance on being able to empower people in ways that allow them to act creatively and to fulfill their potential. Authority and responsibility are decentralized to employees who are closest to the action so they can make decisions that are in the firm's best interests. Associated with authority and responsibility are expectations that employees will strive for excellence in all they do and that they will be willing to be held accountable for the outcomes of their efforts (Al-Swidi, 2011). Frequent debates are held in entrepreneurially-intense cultures as everyone seeks to find the best paths to take to innovate and to help the firm reach its full commercial potential while employees try to find ways to increase their knowledge (Nazir & Lone, 2008).

Research results show that internal organizational elements encourage people to organize their entrepreneurial activity and organizational performance too (Zahra 2007). Begley, & Boyd (2007), claims that the dimensions of the internal environment, including management support for corporate entrepreneurship, work discretion and strengthening programs, access to time and other resources, improve overall organizational scope . Five-dimensional Structure, as a brief description of the internal organizational elements, encourages middle management to hasten entrepreneurial efforts in the organizations (Hornsby, Kuratko & Zahra 2002).

Corporate entrepreneurship is influenced by external environmental factors of a firm. Organizational and environmental influences, however, were usually empirically designed as main effects, and rarely as interaction effects on corporate entrepreneurship. Antonic & Scarlat (2005) stated that Entrepreneurship approaches and activities have positive influences on organizational performance. Organizational Entrepreneurship has a positive effect on improving financial performance. Antonicic & Hisrich (2007) stated that organizational and managerial elements, financial support systems, an encouragement system, organizational hierarchy, access to required resources for developing entrepreneurship activities and so on, are highly effective in developing organizational entrepreneurship.

Organizational Entrepreneurship strongly affects performance of organizations in dangerous environments and operates at different organizational levels. Lekmat & Selvarajah (2008) noted that all factors of Organizational Entrepreneurship have direct effects on organizational performance and that variables such as innovation, self-

emergence and organizational support were also beneficial. Further, these findings indicated that the influence of Entrepreneurship on organizational performance is especially revealed in long-term profitability. Research in Croatia, by Kolakvic et al (2008), studied the absence of a direct relationship between Organizational Entrepreneurship and the performance of companies.

Further research by Aktan & Bulbut (2008) found that there was a significant positive relationship between Organizational Entrepreneurship and Organizational Performance amongst Slovenian and Romanian companies. Results of other studies demonstrate that organizational entrepreneurship has a great impact on the financial aspect of companies - increasing their growth and profitability (Lekmat & Selvarajah 2008). Lee et al (2009) proclaim that an entrepreneurial attitude improves the performance of a company. However, the process of creating knowledge is a mediating variable that when added to this relationship leads to a direct decline in the relationship between entrepreneurial activity and performance.

Aktan, and Bulut, (2008) carried out a study on Financial performance impacts of corporate entrepreneurship in emerging markets focusing on a Case of Turkey. The research of this study has been conducted from 2032 respondents of 312 firms which are largely active in Turkey as an emerging economy. Concerning research data have been gathered by the Sobag Project 104K117, which is supported by The Scientific and Technological Research Council of Turkey. To test the financial performance effects of CE, the scales for the dimensions of CE and financial performance have been adopted from the existing literature. A series of reliability and validity tests are conducted for the

measurement of the scales. Confirmatory factor analysis and multiple regression analysis have been conducted to test the hypotheses. The study found that corporate entrepreneurship led to significantly improvement in corporate profitability.

Linyiru (2015) establish the influence of corporate entrepreneurship on performance of state corporations in Kenya. The study adopted an explanatory research design. The population of the research consists of the 187 state corporations in Kenya as at 2013. A purposive sample of 55 commercial state corporations was included in the study. Descriptive statistics produced frequencies, trends, means and percentages while inferential statistics produced regression and correlation results which showed the causal relationship among the variables. The study findings indicated that there was improved firm performance which was linked to corporate entrepreneurship. Results indicated that risk taking, innovativeness, competitive aggressiveness and organizational factors were key determinants of firm performance for commercial state corporations in Kenya.

2.3.3 Corporate Entrepreneurship and Innovation

Given shrinking markets, price pressures and the need to survive and excel in a highly competitive business environment, firms have to continually renew themselves in order to remain relevant in their chosen markets. Corporate entrepreneurship is one of the ways to enhance innovative and entrepreneurial activity of employees and to increase firm performance through the creation of new products, services, strategy and organizational conditions (Bau and Wagner, 2010).

Innovative firms have capabilities to monitor the market changes and respond quickly, thus capitalizing on emerging opportunities. According to Huse *et al* (2005), firms operating in turbulent environments are often characterized by rapid and frequent new product creation and high levels of research and development. Such environments appear to play a crucial role in influencing corporate entrepreneurship in an organization. Environmental changes stimulate firms to innovate by introducing new technologies, new products, service and processes to take advantage of opportunities arising from the dynamic environment (Huse *et al* 2005). Environmental change can cause the firm to search for new means to remain competitive, which foster process innovation activities. Innovation keeps firms ahead of their competitors, thereby gaining a competitive advantage that leads to improved financial results (Bulut & Yilmaz, 2008).

Zahra and Garvis (2000) define innovation as the firm's ability to create new products and successfully introduce them to the market. Innovation also revises the firm's knowledge base, allowing it to develop new competitive approaches, which can be exploited in new foreign markets to achieve growth and profitability (Zahra and Garvis, 2000). Clark (2010) found that companies that are clearly innovators based their focus on new innovations, the number of new innovations and levels of investment in new innovations.

Corporate entrepreneurship is a key way to make innovation happen inside established organizations. It is also a vehicle for the innovative opportunities which don't fit neatly into a company's core business. Corporate entrepreneurship is a strategic answer to the challenge of organic growth. Corporate entrepreneurship is the driver to sustainable

leadership and to corporate success for Irish companies. Corporate entrepreneurship is more than just new product development, and it can include innovations in services, channels, brands and so on. Kuratko, Ireland, and Hornsby (2001) found that corporate entrepreneurship activities in a large firm resulted in diversified products and markets, as well as being instrumental to producing impressive financial results. In a global sense, Kuratko, Ireland, Covin, and Hornsby (2005) suggest that corporate entrepreneurship represents a set of behaviors requiring organizational sanctions and resource commitments for the purpose of developing different types of value-creating innovations.

According to Blau and Wagner (2010) corporate entrepreneurship is one of the ways to enhance innovative and entrepreneurial activity of employees and to increase firm performance through the creation of new products, services, strategy and organizational conditions. Besides an entrepreneurial orientation, CE supports a firm's capabilities to discover market changes as well as competitor and consumer behaviour to create new products and services (Blau & Wagner, 2010).

In the research of corporate entrepreneurship and innovation, Maes (2007) suggests that innovation and new business development can be initiated by independent individuals or by existing enterprises, the latter is referred to as corporate entrepreneurship. Innovativeness also connotes process of production which is the implementation of a new or significantly improved production or delivery method; and organizational changes which is the creation or alteration of the structures practices and models, management of staff and improving product design (Trott 2010). Accordingly, the firm's innovation capability is the ability to mobilize the knowledge, possessed by its employees (Kogut

and Zander 1996), and combine it to create new knowledge, resulting in product and/ or process innovation. It is recognized as well that competitive advantage can be acquired with a high quality workforce that enables firms to compete on the basis of quality and innovation.

Innovation capability is one of the most important dynamics which enables firms to achieve a high level of competitiveness both in the national and international market. Thus, how to promote and sustain an improved innovation capability should be the key focus area of the top managers of firms (Cakar and Erturk 2010). Aktan and Bulut, (2008) argues that innovation is the heart of entrepreneurship. An organizational wide entrepreneurial spirit to cope with and benefit from rapidly changing market place conditions would be possible only if sustainable innovative undertakings are established. When these organizational initiatives are supported and coordinated within the firm, the outcomes are gained as sustainable competitive advantage through innovation in the form of new products, services or combination of these (Brentani 2001).

Lwamba, Mbwisa, and Sakwa, (2013) Utilizing the conceptual model of the Entrepreneurial Orientation (EO) performance relationship, we explore the effect of innovativeness dimension of corporate entrepreneurship (CE) on financial performance of Kenya's manufacturing firms. Specifically, the study establish the effect of product innovativeness on financial performance; the effect of process innovativeness on financial performance; and the effect of organizational innovativeness on financial performance of manufacturing firms in Kenya. Data gathered from 186 manufacturing firms in Kenya. From these findings, it is evident that innovativeness dimension of CE

product, process, organizational and marketing had significant positive and significant relationship with the financial performance of the firms. The results of this study extended the literature further by showing that the manufacturing firms in Kenya could benefit from performance when being innovative

2.3.4 Corporate Pro-activeness

Pro-activeness shows a firm's aggressive pursuit of market opportunities and a strong emphasis on wanting to be among the very first to implement innovation in its industry (Rauch *et al* 2009). Pro-activeness is an opportunity-seeking, forward-looking perspective characterized by the introduction of new products and services ahead of the competitors and acting in anticipation of future demand (Rauch *et al* 2009). AlSwidi, (2011) defines pro-activeness as an indication of a company's determination to pursue promising opportunities, rather than merely responding to competitors' moves. According to Aktan, & Bulut (2008), pro-activeness refers to how a firm relates to market opportunities in the process of new entry. They added that pro-activeness involves pursuing opportunities and the will to respond aggressively to competitors.

Baumol (2010) stated that pro-activeness gives firms the ability to present new products or services to the market ahead of competitors, which also gives them a competitive advantage. Pro-active firms have a greater tendency to lead than to follow in the development of new procedures and technologies and the introduction of new products and services (Dess & Lumpkin, 2005). An entrepreneurial firm instills flexibility and grants individuals and teams the freedom to exercise their creativity to champion new ideas (Wang 2008). These activities by the firm's team enable the firm to be more pro-

active in introducing new products. Pro-activeness suggests an emphasis on initiating activities. It is closely related to innovativeness. For example, new product innovation is part of innovativeness but also forms part of pro-activeness by the firm (Yiu & Lau, 2008).

The importance of being a first-mover or pioneer has been frequently emphasized in the entrepreneurial process since Schumpeter. Proactive firms are likely to be first-movers when they face threats and/or opportunities in their environment (Agca *et al* 2009). In the business world, proactive firms tend to be leaders, rather than followers of other corporations (Lumpkin and Dess, 2006). According to Zahra and Garvis (2000), proactive corporate entrepreneurship, such as first entry, can improve a firm's performance. The first entrants tend to exploit opportunities before their rivals and enjoy significant strategic advantage in the markets. Consequently, pro-activeness can be conducive to a company's performance improvement.

Nkosi, (2011) carried a study on the relationship between corporate entrepreneurship and organizational performance in the Information and Communications Technology Industry. The research study was quantitative and data was collected through an online survey, which used closed-ended questionnaires. The empirical study used descriptive statistics and inferential statistics to test empirically the relationship between CE dimensions and company performance. The questionnaires entail assessing the degree of CE in an organization in relation to its performance. The analysis had 114 samples of companies in the ICT sector. Performance was measured in terms of financial and non-financial variable measures. The findings have indicated that all CE dimensions studied

in this research have a positive relationship with company performance. The degree and level of CE employed by an organization determines the level of performance whether poor, moderate or high. The study indicated that there is a strong positive association between level of CE and company performance. Companies that sustain their businesses and are able to prosper are likely to have a high level of CE.

Mokaya, Samuel Kevin Obino (2012) determined the effects of corporate entrepreneurship on performance of the oil manufacturing firms in Kenya. The study used a descript to-explanatory research design. The study covered a sample of 214 drawn from a population of 498 employees of BIDCO Oil Refineries and KAPA Oil Refineries. The sample was determined through proportionate stratified simple random sampling approach. A semi-structured questionnaire was used to collect primary data. Content analysis was used to analyze qualitative data. Quantitative data was analyzed using descriptive (mean) and inferential statistics (T-tests, correlation and regression). The study revealed that corporate entrepreneurship is a common phenomenon in the edible oil manufacturing firms with consequent positive effect on performance. BIDCO had more pronounced deliberate efforts to promote and stimulate corporate entrepreneurship as compared to KAPA. The two firms had formulated and implemented a number of strategies to stimulate and promote corporate entrepreneurship among employees. The study revealed a strong and positive correlation between corporate entrepreneurship strategies and organizational performance with a correlation coefficient of 0.661. All the major corporate entrepreneurship practices in both firms received above average rating with resource availability and management support receiving highest rating. The study

revealed a strong and positive correlation between corporate entrepreneurship practices and organizational performance at 0.686. Employee entrepreneurial behaviour; measured through individual motivation, risk taking, innovativeness and pro-activeness had positive and significant correlation with organizational performance at 0.487. All the attributes of organizational performance received above average rating, though BIDCO experienced significantly higher performance than KAPA. The study established a strong linkage between corporate entrepreneurship and organizational performance at 0.000 significance level; implying that companies with high entrepreneurial intensity experience better performance than those that do not.

2.3.5 Determinants of Corporate Entrepreneurship and Organizational Performance

In terms of influencing corporate entrepreneurship, the external environment is an important determinant. Certain environmental characteristics, such as dynamism, technological opportunities, industry growth, and demand for new products may cause firms to engage in entrepreneurial behavior (Antoncic & Hisrich, 2004). Since corporate entrepreneurship is predicted to induce organizational performance, these environmental characteristics as important antecedents of corporate entrepreneurship may also have an important indirect influence on organizational performance. On the other hand, in the relevant literature, there is little doubt that environments profoundly shape and influence organizational actions and, in turn, their performances. In terms of influencing corporate entrepreneurship, the external environment is an important determinant. Certain environmental characteristics, such as dynamism, technological opportunities, industry

growth, and demand for new products may cause firms to engage in entrepreneurial behavior (Antoncic & Hisrich, 2004). Since corporate entrepreneurship is predicted to induce organizational performance, these environmental characteristics as important antecedents of corporate entrepreneurship) may also have an important indirect influence on organizational performance. On the other hand, in the relevant literature, there is little doubt that environments profoundly shape and influence organizational actions and, in turn, their performances.

2.4 Research Gaps

From the review of the past studies such as Karacaoglu, Bayrakdaroglu, & San (2012) indicate there is relationship between corporate entrepreneurship and business performance. Entrepreneurship scholars have postulated that corporate entrepreneurship leads to superior business performance. However, a critical review of extant literature reveals that the findings concerning the relationship between corporate entrepreneurship and business performance are inconclusive (Karacaoglu *et al.*, 2013). On other hand Shamsuddin, Othman, & Shahadan, (2012) found a negative relationship between CE and organizational performance in firms. Most of the study that indicate contrast in results on influence on corporate entrepreneurship on firm performance is done in developed countries. Locally, studies such as Mokaya, Samuel Kevin Obino (2012) and Nkosi, (2011) revealed that corporate entrepreneurship impact on performance of the oil manufacturing firms and information communication technology companies in Kenya, Banks in Kenya have embrace corporate entrepreneurship as its focus on gaining competitive edge in the face of competitive market and the focus on achieving high

profitability level. With the intense competition among commercial banks are embracing corporate entrepreneurship as the performance of the bank. However, there is no empirical study that has focus on determining the effects of corporate entrepreneurship on bank performance in Kenya. This motivates the undertaking of the current study to fill the existing research and knowledge gaps.

2.5 Conceptual Framework

Independent variables

Moderating variable

Corporate Entrepreneurship

Corporate entrepreneurial risk taking
-Risk Ranking
-Shareholders relationship
-Diversify ownership
-Reduction in volatility
-Increase stock market capitalization ratio

Corporate innovation
-Introduction of new product
-Strategic market positioning
-Production capabilities
-Offering thin sim banking

Corporate entrepreneurial culture
-Instituting risk governance
-Adapt to financial regulation
-Risk management
-Adoption of information communication technology

Corporate pro-activeness
-Diversify corporate services
-Mergers and acquisition
-Strategic alliance
-Restructuring loans
-Foreign Clientele

-Government policy
-Environment

Dependent variable

Organizational Performance
-Return on assets
-Customer base
-Market share
-Management efficiency

Figure 2. 1: Conceptual Framework

Source Author (2017)

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

The chapter presents the research design and methodology of the study. In this chapter, most decisions about how research was executed and how respondents were approached, as well as when, where and how the research was completed is discussed. The chapter therefore entails the way the study was designed, population of the study, sampling and sample size, the data collection techniques and the data analysis procedures.

3.2 Research Design

The study adopted descriptive research design for it portrays an accurate profile of situations. According to Kothari, (2008) this is a design used to describe the characteristics of a particular phenomenon in a situation. Descriptive research design portrays an accurate profile of persons, events, or situations (Robson, 2002). The descriptive design allows the collection of large amount of data from a sizable population in a highly economical way. It allows one to collect quantitative data, which can be analyzed quantitatively using descriptive and inferential statistics.

The descriptive research design survey was deemed the best design to fulfill the objectives of this study. Descriptive research design study describes the existing conditions and attitudes through observation and interpretation techniques. These writer claim the descriptive research design is one of the best methods for conducting research in human contexts because of portraying accurate current facts through data collection for

testing hypothesis or answering questions to conclude the study. It was used to obtain information concerning the current status of the industry, to survey what exists with respect to the conditions in a situation. The design help the study in obtaining information concerning the current status of the extent to which corporate entrepreneurship influence organization performance in the banking industry and especially in KCB Bank Limited.

3.3 Population of the Study

A population of the study is a well-defined or set of people, services, elements, and events, group of things or households that are being investigated. Cooper and Schindler, (2008) describe a population of the study as the total collection of elements whereby references have been made. The target population of this study was the staff working at the KCB Bank Limited. The population of this study was 144 respondents comprising of corporate relationship managers, finance officers, strategic managers, operation officers, human resource officers and IT officers from KCB Bank Limited.

Table 3. 1: Target Population

Respondents	Total Population
Corporate Relationship Managers	14
Finance Officers	32
Strategic Managers	16
Operation Officers	30
Human Resource Officers	26
IT Officers	26
Total	144

Source: KCB Kenya Limited (2017)

3.4 Sampling Design and Procedure

Sampling is the process by which a relatively small number of individuals, objects or events are selected and analyzed in order to find out something about the entire population from which it was selected. Stratified proportionate random sampling technique was used to select the sample. According to Cooper and Schindler (2008), stratified proportionate random sampling technique produce estimates of overall population parameters with greater precision and ensures a more representative sample is derived from a relatively homogeneous population. The study took the management levels of KCB Kenya Limited as the basis for stratification. Each management level was considered for a stratum where a sample proportion was used to determine the number of respondents in each stratum. The respondents in each stratum were selected using simple random to eliminate biasness.

Stratification of bank management reduced standard error by providing some control over variance. From each stratum the study used simple random sampling to select 72 respondents. According to Cooper and Schindler (2008), random sampling frequently minimizes the sampling error in the population. This in turn increases the precision of any estimation methods used. Mugenda & Mugenda (2003) indicated a sample size of at least 10% and 20% was sufficient for a study. The study therefore chose a 50 % sample proportion to determine sample size. The study took 50% of the population to select a sample size of 72 of the study population.

Table 3. 2: Sample Size

Respondents	Total Population	Sample Proportion	Sample size
Corporate Relationship Managers	14	0.5	7
Finance Officers	32	0.5	16
Strategic Managers	16	0.5	8
Operation Officers	30	0.5	15
Human Resource Officers	26	0.5	13
IT Officer	26	0.5	13
Total	144		72

3.5 Data Collection Procedures

The study collected primary and secondary data. The primary data was collected using questionnaires. Secondary data was derived from the organization's records. The data collection instrument was a semi-structured questionnaire comprising of two sections. Section A sought to collect background information of the respondents while section B sought to elicit information on influence of corporate entrepreneurship on organization performance in the banking industry focusing on KCB Kenya Limited

The main advantage of close ended questions is that they are easier to analyse, easier to administer and are economical to use in terms of time saving. The questionnaires were administered using a drop and pick later method.

3.6 Validity of the Instrument

To establish the validity of the research instrument the researcher sought expert's opinion in the field of study especially the researcher's supervisor. This facilitates the necessary

revision and modification of the research instrument thereby enhancing validity. Validity is the accuracy or meaningfulness and technical soundness of the research instrument.

The researcher intends to select a pilot group of 10 individuals from the study population to test the research instrument. The pilot data was not included in the actual study. The pilot study allowed for pre-testing of the research instrument. The clarity of the instrument items to the respondents was established so as to enhance understanding.

3.6.1 Reliability of the Instrument

Reliability is the tendency towards consistency (Shanghverzy, 2003) and therefore, different measures of the same concept or the same measurements repeated over time should produce the same results (Treiman, 2009). Reliability is synonymous with the consistency of a test, survey, observation, or other measuring device. The index alpha is the most important index of internal consistency and is attributed as the mean of correlations of all the variables, and it does not depend on their arrangement (Anastasiadou, 2006). Reliability is increased by including many similar items on a measure, by testing a diverse sample of individuals and by using uniform testing procedures. It is commonly used in relation to the question of whether the measures that are devised for concepts in business are consistent.

A Cronbach's alpha (Cronbach coefficient alpha), which is based on internal consistency was calculated using SPSS to establish the reliability of the survey instrument. This methodology measures the average of measurable items and its correlation. Field (2009) contends that Cronbach's alpha value that is at least 0.70 suffices for a reliable research

instrument. In this study a threshold of 0.70 was used to establish the reliability of the data collection instrument

3.7 Data Presentation

The researcher used qualitative and quantitative techniques in analyzing the data for ease of analysis and interpretation. The collected data was thoroughly examined and checked for completeness and comprehensibility. The responses were edited, classified, coded and tabulated to analyze quantitative data using Statistical Package for Social Science (SPSS version, 21) as it has current statistical specs for data analysis. Tables and charts were used for data representation for easy understanding and analysis.

3.8 Data Analysis

The collected data was analyzed using quantitative and qualitative techniques. The descriptive statistics, the mean scores, the standard deviations and percentages were used to analyze quantitative data. The descriptive statistics were interpreted to establish the extent to which corporate entrepreneurship influence organization performance in the banking industry focusing on KCB Kenya Limited. Qualitative data was collected through open ended questionnaire and was analyzed using conceptual content analysis. Content analysis is defined as a technique for making inferences by systematically and objectively identifying specific characteristics of messages and using the same approach to relate trends. According to Kothari (2004) the main purpose of content analysis is to

study existing information in order to determine factors that explain a specific phenomenon.

Further inferential statistics correlation and regression were done. Correlation analysis was used to establish the strength of association between variables. Regression analysis was done to establish relationship between corporate entrepreneurship and organization performance in KCB Kenya Limited. The response on extent of corporate entrepreneurship in KCB Kenya Limited was measured by computing indices based on the responses derived from the Likert-Scaled questions.

The regression used in this model was:

$$Y = a + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e \text{ where;}$$

Where:

Y= Organizational Performance

a =Constant Term,

β_1 = Beta coefficients

X_1 = Corporate Entrepreneurial Risk taking

X_2 = Corporate Innovation

X_3 = Corporate Entrepreneurial Culture

X_4 = Corporate Pro-activeness

e = Error Term

3.9 Ethical Issues

The researcher sought permission to carry out the study from the KCB Kenya Limited. The study did not infringe individual's rights of the respondents by treating them unfairly and cautiously. They were explained on the purpose of the study and how the information that the study would obtain would be used. This however was done with caution and respondents were assured that the given information was only to be used for achieving the research objective. The respondents were treated with utmost confidentiality. Respondents' rights to decline from offering information were respected.

CHAPTER FOUR

DATA ANALYSIS, INTERPRETATION AND FINDINGS

4.0 Introduction

This chapter presents the analysis and findings of the research which was to determine assess relationship between determinants of corporate entrepreneurship and organization performance in the KCB bank Limited.

4.1 Background Information

4.1.1 Response Rate

Out of the 72 questionnaires distributed, 65 respondents responded and returned the filled in questionnaires, constituting 90.27% response rate which is adequate to make the analysis.

4.1.2 Distribution of Respondents by Department

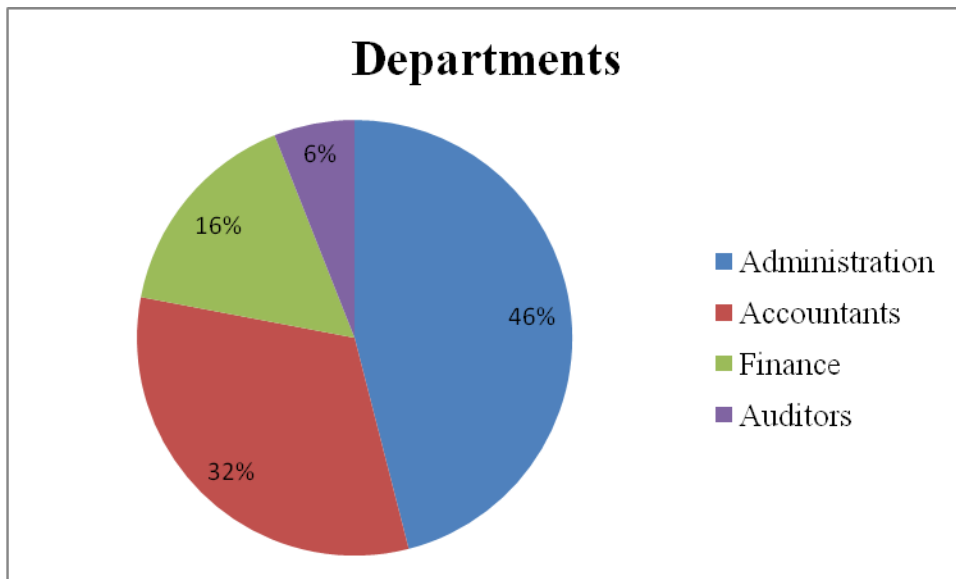


Figure 4. 1: Distribution of Respondents by Department

The respondents were requested to indicate the department they work in. from the findings, majority 46% of the respondents were in administration department, 32% of the respondents were in accounts department, 12% of the respondents were in finance department while 6% of the respondents were in auditors department.

4.1.3 Respondents Designation

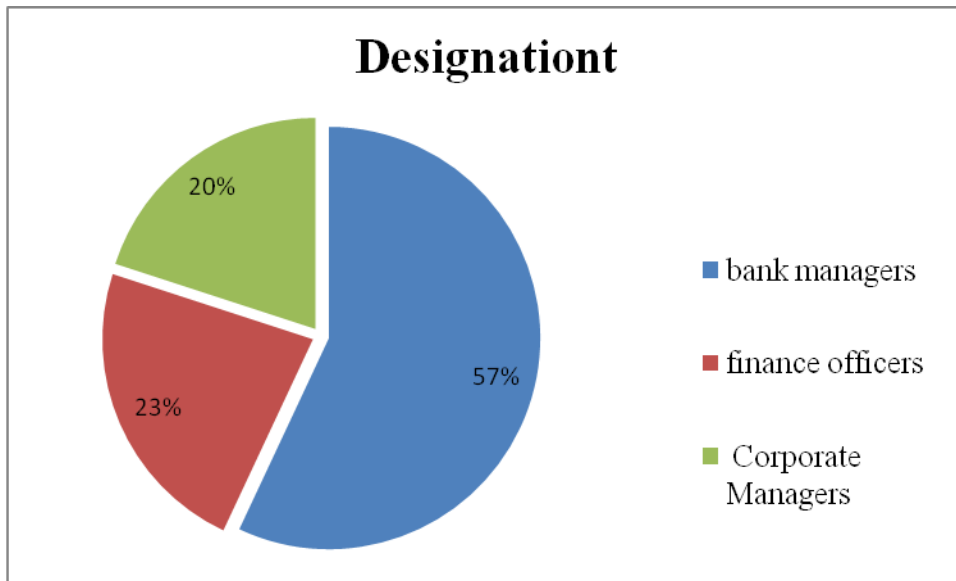


Figure 4. 2: Respondents Designation

The study sought the respondent's designation. From the findings, majority 57% of the respondents were bank managers, 23% of the respondents were finance officers while 20% of the respondents were Corporate RM. This implied that data was collected from the respondents who were in a position of offering relevant information that help in answering research questions.

4.1.4 Respondents Level of Education

Table 4. 1: Respondents Level of Education

Level of Education	Frequency	Percentages
Bachelor Degree	42	65
Masters degree	20	30
Doctorate	3	5
Total	65	100

Source: Author (2017)

The respondents were requested to indicate their highest level of education. From the findings, majority 65% of the respondents had bachelor degree, 37% had masters degree while 7% of the respondents had doctorate.

4.1.5 Respondents working period in Years

Table 4. 2: Respondents working period in Years

Working Period in Years	Frequency	Percentages
6 to 10 years	29	45
11 to 15 years	20	31
1 to 5 years.	16	24
Total	65	100

Source: Author (2017)

Respondents were requested to indicate the numbers of years they have been working in the institution. From the findings, majority 45% of the respondent have been working in

the institution for 6 to 10 years, 31% have been working for 11 to 15 years while 24% of the respondents have been working in the institution for 1 to 5 years.

Period in years the bank adopted corporate entrepreneurship

Table 4. 3: Period in Years the bank adopted corporate entrepreneurship

	Frequency	Percentages
4-6 years	30	46
1-3 years	16	24
7-9years	13	21
10 and above	6	9
Total	65	100

Source: Author (2017)

The study sought on the years the bank have adopted corporate entrepreneurship. From the findings, 46% of the respondents indicated that bank have adopted corporate entrepreneurship for 4-6 years, 24% of the respondents indicated that bank have adopted corporate entrepreneurship for 1-3 years, 21% of the respondents indicated that bank have adopted corporate entrepreneurship for 7-9years while 9% of the respondents indicated that bank have adopted corporate entrepreneurship for 10 and above. This implies that KCB bank Limited had been involved in corporate entrepreneurship for more than six years hence it was possible to provide information effects of corporate entrepreneurship on organizational performance.

4.2 Corporate Risk taking and Organization Performance in KCB Bank Limited.

4.2.1 Extent to which bank has embrace corporate entrepreneurship

Table 4. 4: Bank Embraces Corporate Entrepreneurship

	Frequency	Percentages
Very great extent	52	79
Great extent	13	21
Total	65	100

Source: Author (2017)

Table 4.4 shows respondent's response on the extent to which bank has embraced corporate entrepreneurship. From the findings, majority 79% of the respondents indicated that bank has embrace corporate entrepreneurship to a very great extent. Most 21% of the respondents indicated that bank has embraced corporate entrepreneurship to a great extent.

4.2.2 Banks Management Increase Corporate Venture

Table 4. 5: Banks Increase Corporate Venture

	Frequency	Percentages
Yes	43	66
No	22	34
Total	65	100

Source: Author (2017)

Table 4.5 shows the respondent's response on whether banks management increase corporate venture. From the findings, majority 66% of the respondents indicated that banks management increase corporate venture while 34% of the respondents indicated

that banks management do not increase corporate venture. The respondents further indicated that banks management lead to improved corporate venture, improved returns on assets, improved market share and enhanced corporate entrepreneurship. This implies that banks management increases the corporate venture performance. This is in line with Antoncic and Hisrich (2014) whose study demonstrates that corporate entrepreneurship management makes a difference on the company's performance, observed by growth, profitability and new wealth creation.

4.2.3 Influence of Corporate Risk Taking on Performance in Bank

Table 4. 6: Corporate Risk Taking on Performance in Bank

Statements	Mean	Standard deviation
The bank assess Risk-Return Rankings	4.56	0.60
Enhance relationship with shareholders	4.86	0.84
Diversify ownership	4.59	0.54
Adapt to legal environment	4.70	0.67
Reduction in volatility of bank	4.55	0.59
Increase stock market capitalization ratio	4.62	0.58
Increase financing of bank venture	4.71	0.60
Enhance effectiveness of enforcement of the regulations	4.93	0.89
The bank avoid risky value-enhancing investments	4.59	0.53
High accounting standards	4.66	0.61
Enhance Investor protection	4.78	0.74

Source: Author (2017)

The Table 4.6 shows the respondent's response on the extent to which they agree with the given statements concerning influence of corporate risk taking on performance in the bank. From the findings, majority of the respondents agreed that enhancing effectiveness of enforcement of the regulations, enhancing relationship with shareholders, enhancing investor protection influence performance of bank to a very great extent as indicated by a mean of 4.93, 4.86 and 4.78 with standard deviation of 0.89, 0.84 and 0.74. Most of the respondents agreed that increasing financing of bank venture, adapting to legal environment, high accounting standards and increasing stock market capitalization ratio influence performance of bank to a very great extent as indicated by a mean of 4.71, 4.70, 4.66 and 4.62 with standard deviation of 0.60, 0.67, 0.61 and 0.58. Most of the respondents agreed that the bank avoiding risky value-enhancing investments,

diversifying ownership, assessing Risk-Return Rankings and Reduction in volatility of bank influence performance of bank to a very great extent as indicated by a mean of 4.59, 4.59, 4.56 and 4.55 with standard deviation of 0.53, 0.54, 0.60 and 0.59.

4.3 Corporate Culture of Entrepreneurship

4.3.1 Adoption of innovation in venturing

Table 4. 7: Adoption of innovation in venturing

	Frequency	Percentages
Very great extent	55	84
Great extent	10	16
Total	65	100

Source: Author (2017)

The Table 4.7 shows the respondent's response on the extent to which bank management considered adoption of innovation in venturing. From the findings, majority 84% of the respondents indicated that bank management considered adoption of innovation in venturing to a very great extent while 16% of the respondents bank management considered adoption of innovation in venturing to a great extent. Respondents explained that the bank management adopts a culture that allows individuals to bring new ideas and tolerate risk is a key element of sustainable business performance. This implies that entrepreneurial culture requires that the bank should be creative, innovative and must not be averse to risk-taking. This is in line with Al-Swidi and Al-Hosam (2012), who indicated that undertaking entrepreneurial activities and improving performance, financial institutions must possess or exhibit supportive organizational cultures.

4.3.2 Flexibility to bank financial regulations

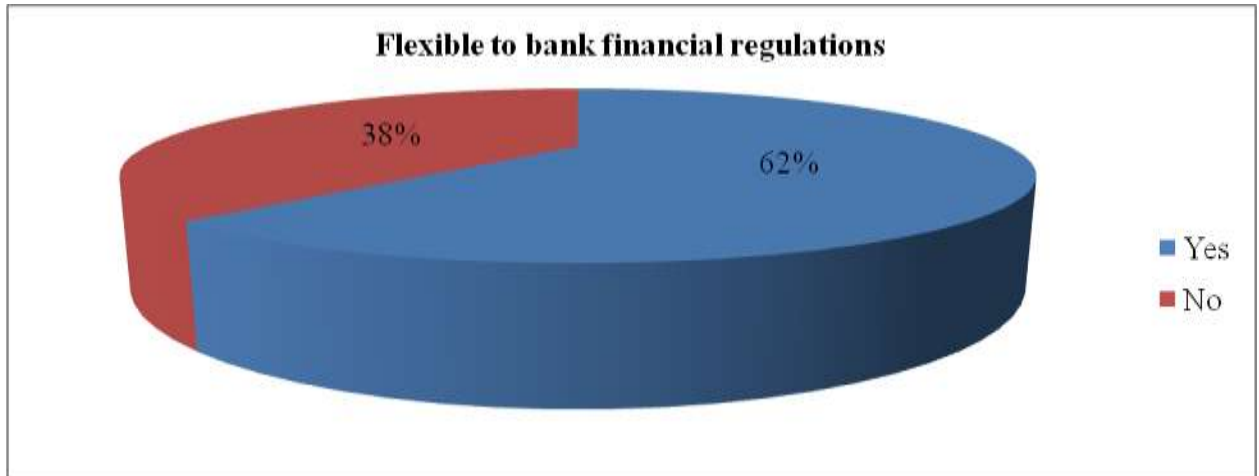


Figure 4. 3: Flexibility to Bank Financial Regulations

The respondents were requested to indicate whether the bank management has flexibility in financial regulations. From the findings, majority 62% of the respondents indicated that bank management has flexibility in financial regulations while 38% of the respondents indicated that bank management has no has flexibility in financial regulations. This implies that organizational culture affects business activities and performance such as flexibility to bank financial regulations. This is in line with Wang (2008), who stated that entrepreneurial culture stimulates innovation, flexibility and performance.

Table 4. 8: Corporate Culture of Entrepreneurship in influencing performance of bank

Corporate Culture statement	Mean	Standard deviation
The bank enhances creativity	4.48	0.50
Employment of competent human resource	4.38	0.40
Accountability among the employees	4.52	0.54
Effective communication framework	4.44	0.47
Increase risk management	4.77	0.65
Implementation of incentive to reinforce risk management behavior	4.79	0.67
The adapt to financial regulation	4.85	0.73
Instituting risk governance	4.72	0.63
Implementation of financial support systems	4.88	0.74
Enhance internal integrations to improve financial returns	4.58	0.59
Implementation of conflict resolution mechanism	4.64	0.60
Adoption of information communication technology	4.40	0.44

Source: Author (2017)

Table 4.8 shows respondents' response on the extent to which the given statements concerning corporate culture of entrepreneurship influence performance of bank. From the findings majority of the respondents indicated that implementation of financial support systems, the adaptation to financial regulation, implementation of incentive to reinforce risk management behavior and increased risk management influence performance of bank to a very great extent as indicated by a mean of 4.88, 4.85, 4, 79 and 4.77 with standard deviation of 0.74, 0.73, 0.67 and 0.65. Most of the respondents indicated that instituting risk governance, implementation of conflict resolution

mechanism, enhance internal integrations to improve financial returns and accountability among the employees influence performance of bank to a very great extent as indicated by a mean of 4.72, 4.64, 4.58 and 4.52 with standard deviation of 0.63, 0.60, 0.59 and 0.54. Most of the respondents indicated that the bank enhancing creativity, effective communication framework, adoption of information communication technology and employment of competent human resource influence performance of bank to a great extent as indicated by a mean of 4.48, 4.44, 4.40 and 4.38 with standard deviation of 0.50, 0.47, 0.44 and 0.40. This is in line with Zahra (2007), who in his research results show that internal organizational elements encourage people to organize their entrepreneurial activity and organizational performance too.

On respondents opinion on corporate culture influence, respondents unanimously indicated that bank corporate culture has influenced achieving high bank performance in that is stimulates innovation, flexibility and performance. Corporate culture affects organizational behaviours and determines how an organization relates with its external environment, that the bank corporate entrepreneurial culture in an organization gave it a competitive advantage over its competitors. This implies that organizational cultures that embrace and promote entrepreneurial thinking are important for the financial services in KCB to improve performance. This is in line with Antonic & Scarlat (2005), who stated that entrepreneurship approaches and activities have positive influences on organizational performance.

4.4 Corporate Entrepreneurship and Innovation

4.4.1 Innovation influencing performance

Table 4. 9: Innovation influencing performance

	Frequency		% of yes
	Yes	No	
Online banking	58	7	89
Mobile banking	59	6	90
Automated Cheques Clearing	51	14	78
Value of sector RTGS transfers	46	19	70

Source: Author (2017)

The respondents were requested to indicate which of the given innovation influence performance. From the findings, majority 90%, 89%, 78% and 70% of the indicated that mobile banking, online banking, automated cheques clearing and value of sector RTGS transfers innovation influence performance. Respondents further stated that credit cards, mobile, internet and agency banking are the financial innovations that had great impact on the financial performance of the banks. This implies that the bank has involved itself in innovations that have enabled it to improve the performance. This is in line with Aktan and Bulut (2008), who argues that innovation is the heart of entrepreneurship.

Importance of marketing innovations in bank

On rating the importance of marketing innovations in the bank, all the respondents indicated that marketing innovations in the bank is very important. Respondents indicated that in the banking the financial role of marketing is to continually improve the quality of customer services and products offered by formulating appropriate marketing strategies.

Through innovation, banks are seeking to reduce costs, improve efficiencies, reach new customers or improve customer experience hence improving performance. This implies that managements consider the growing importance of innovation in function of improving banks performance. This is in line with Clark (2010), who found that companies that are clearly innovators based their focus on new innovations, the number of new innovations and levels of investment in new innovations.

4.4.2 Extent to which Bank’s Management Adopts Innovation

Table 4. 10: Extent to which Bank’s Management Adopts Innovation

Innovation	Mean	Standard deviation
Strategic market positioning	4.65	0.60
Technological evaluation	4.85	0.74
Production capabilities	4.73	0.69
Financial capability	4.54	0.51
Developing performance appraisal instruments and systems	4.50	0.49
Ensure bank board are accountable to the shareholders for legal compliance and maintenance of systems	4.44	0.47

Source: Author (2017)

Table 4.10 shows respondents’ response on the extent to which bank’s management adoption to the given innovation influence performance in the banks. From the findings, majority of the respondents indicated that technological evaluation, production capabilities and strategic market positioning influence performance in the banks to a very great extent as indicated by a mean of 4.85, 4.73 and 4.65 with standard deviation of 0.74, 0.69 and 0.60. Most of the respondents indicated that financial capability and

developing performance appraisal instruments and systems influence performance in the banks to a very great extent as indicated by a mean of 4.54 and 4.50 with standard deviation of 0.49 and 0.47.

The study further revealed that a majority of the respondents indicated that ensuring bank board members are accountable to the shareholders for legal compliance of systems that influence performance in the bank to a great extent as indicated by a mean of 4.44 with standard deviation of 0.47. This implies that innovative firms have capabilities to monitor the market changes and respond quickly, thus capitalizing on emerging opportunities. This is in line with Blau and Wagner (2010), who stated that corporate entrepreneurship, is one of the ways to enhance innovative and entrepreneurial activity of employees and to increase firm performance through the creation of new products, services, strategy and organizational conditions.

Table 4. 11: Extent Corporate Innovations Affects Performance in KCB Bank

Corporate innovations statements	Mean	Standard deviation
Offering customer-centric payment solutions	4.56	0.49
Agency banking services	4.62	0.56
KCB's portfolio of merchants in e-payments and collections	4.51	0.53
Offering thin sim banking	4.16	0.69
Continuous quality improvement	4.78	0.66
Introduction of new product/service design	4.73	0.81
Introduction of new products and services, upgrading of the existing systems as well as introduction of new soft wares for business operation	4.71	0.70

Source: Author (2017)

Table 4.11 shows respondents' response on the extent to which corporate innovations affects performance in KCB Bank. From the findings, continuous quality improvement introduction of new products and services, upgrading of the existing systems as well as introduction of new soft wares for business operation and introduction of agency banking services improve bank performance to a very great extent as indicated by a mean of 4.78, 4.74 and 4.62 supported by a standard deviation of 0.66, 0.81 and 0.56 respectively. The respondents also indicated that corporate innovations led to offering customer-centric payment solutions, improve KCB's portfolio of merchants in e-payments and collections influencing performance at the bank to a very great extent as indicated by a mean of 4.56, 4.51 supported by a standard deviation of 0.49 and 0.53 respectively. The results further indicated that corporate innovativeness led to offering thin sim banking improving bank performance by to great extent as indicated by a mean of 4.16 with a standard deviation of 0.69. This clearly indicated that corporate innovativeness in KCB Bank Limited improve bank performance to a great extent,

4.5 Corporate Pro-activeness

4.5.1 Extent of adoption of Information Technology Systems

Table 4. 12 Extent of adoption of Information Technology Systems

	Frequency	Percentages
Very great extent	53	81
Great extent	12	19
Total	65	100

Source: Author (2017)

The respondents were requested to indicate the extent to which the KCB Bank Limited adopted information technology systems. From the findings, 81% of the respondents indicated that the bank had adopted information technology systems to a very great extent while 19% indicated that bank had adopted information technology systems to a great extent. This implied that KCB Bank was proactive hence adopted information technology systems to a very great extent.

4.5.2 Influence of Proactive Issues and Organizational performance

Table 4. 13: Proactive Issues and Organizational Performance

Proactive Issues	Mean	Standard deviation
Diversify corporate services	4.90	0.78
Mergers and acquisition	4.75	0.63
Engage in strategic alliance partners such as Safaricom	4.81	0.77
Involvement with the community	4.45	0.49
Introducing new products	4.60	0.53
KCB Bank restructuring loans	4.02	0.79
Bank focus on foreign clientele such as Diaspora market	4.42	0.64

Source: Author (2017)

Table 4.13 shows respondents' response on the extent to which bank pro-activeness influence Organizational performance. From the findings, diversify corporate services, engaging in strategic alliance partners such as banks and other telecommunication companies such as Safaricom, improve mergers and acquisitions and introduction of new bank products influence bank performance to a great extent as indicated by a mean of 4.90, 4.81, 4.75 and 4.60 with a standard deviation of 0.78, 0.77, 0.63 and 0.53

respectively. Through pro-activeness bank involvement with the community increase, improve on bank focus on foreign clientele such as Diaspora market and KCB Bank restructuring loans to a great extent as indicated by a mean of 4.45, 4.42 and 4.02 with standard deviation of 0.49, 0.64 and 0.79 respectively. This demonstrated that pro-activeness in the bank had influenced bank performance to a great extent.

4.6 Corporate Entrepreneurship and performance at KCB Bank Limited

Table 4. 14: Corporate Entrepreneurship and Performance at KCB Bank

Financial performance measure	Yes (%)	No (%)
Employee Turnover	11	89
Disbursement of loans	76	24
Surplus Or Net profit	80	20
Market share price	65	35
Increase in bank profits	92	8
Return on assets	87	13
Increase in customer base	90	10
Increase in market share	94	6
Increase in dividend payout	67	33
Quality Product development	75	25

Respondents were requested to indicate the extent to which the corporate entrepreneurship achieved bank performance in respect to specific performance indicators. From the results, corporate entrepreneurship had led to increasing in bank market share as indicated by 94% of the respondents, Increase in bank profits as indicated by 92 % of the respondents, increased customer based as indicated by 90% of the respondents and increased in Return on assets as indicated by 87% of the respondents. The results also indicated that corporate entrepreneurship led to increase in Surplus or

Net profit as indicated by 80% of the respondents, improve disbursement of loans as indicated by 76% of the respondents and led to Quality Product development as indicated by 75% of the respondents. The results further indicated that corporate entrepreneurship practiced by the bank led to Increase in dividend payout as indicated by 67% of the respondents and stabilizes market share price as indicated by 65% of the respondents. The findings also indicated that corporate entrepreneurship had reduced employee turnover as indicated by 89% of the respondents. This implied that corporate entrepreneurship has positive effects on performance in the bank. The respondents indicated that bank achieve improved performance due to corporate entrepreneurship which influence bank in taking risk and invest in technologies, enhance innovativeness, improve on quality of products and services and improve efficiency of bank distribution channels due to bank pro-activeness.

4.7. Regression Analysis

4.7.1 Model Summary

Table 4. 15: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Sig. F Change
1	.72(a)	.518	.489	0.24	.001(a)

a. Predictors: (Constant), Corporate Entrepreneurial Risk taking, Corporate Innovation , Corporate Entrepreneurial Culture and Corporate Pro-activeness

b. Dependent Variable: Organizational Performance

From the model summary analysis, $R^2 = .518$ indicated that there existed a significant correlation between corporate entrepreneurship and organization performance in the bank. Adjusted R^2 is called the coefficient of determination indicated that organizational Performance varied with variation in corporate entrepreneurship, corporate entrepreneurial risk taking, corporate innovation, corporate entrepreneurial culture and corporate pro-activeness. The value of adjusted R^2 is 0.489. This implies that, there was a variation of 48.9% of organizational performance varied with variation in product corporate entrepreneurship in the bank as $P=0.01 < 0.05$

4.7.2 ANOVA (b)

Table 4. 16: ANOVA (b)

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1.228	4	.307	14.191	.001(a)
	Residual	15.799	61	.259		
	Total	17.027	65			

- a. Predictors: (Constant), Corporate Entrepreneurial Risk taking, Corporate Innovation , Corporate Entrepreneurial Culture and Corporate Pro-activeness
- b. Dependent Variable: Organizational Performance

The Total variance (17.027) was the difference into the variance which can be explained by the independent variables (Model) and the variance which was not explained by the independent variables (Error). The study established that there existed a significant goodness of fit between variable as F-test ($F=12.865$, $P=0.01 < 0.05$). The calculated $F=14.191$ far exceeds the F-critical of 12.865. This implied there the level of variation

between corporate entrepreneurship and organizational performance at KCB Bank Limited was significant at 95% confidence level.

4.7.3 Coefficients (a)

Table 4. 17: Coefficients (a)

Model		Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.
		B	Std. Error			
1	(Constant)	3.000	.275		3.640	.001
	Corporate Entrepreneurial Risk	0.861	.195	.757	11.931	0.002
	Corporate Innovation	0.853	.128	.714	5.002	0.010
	Corporate Entrepreneurial Culture	0.768	.501	.642	11.638	0.030
	Corporate Pro-activeness	0.557	.429	.423	7.115	0.001

a. Predictors: (Constant), Corporate Entrepreneurial Risk taking, Corporate Innovation , Corporate Entrepreneurial Culture and Corporate Pro-activeness

b. Dependent Variable: Organizational Performance

The established regression equation was;

$$Y = 3.000 + 0.861X_1 + 0.853X_2 + 0.768X_3 + 0.557X_4 + u$$

From the coefficient regression analysis, the 3.000 represented the constant which predicted value of organizational performance in commercial bank when all other corporate entrepreneurial practices were constant at zero (0). The study established that Corporate Entrepreneurial Risk taking had a significant influence on bank performance as indicated by factor $r = 0.861$, $P = 0.02 < 0.05$, $t = 11.931$. The regression model revealed

that Corporate Innovation had a significant and positive influence on bank performance as indicated by a factor $r=0.853$, $P=0.01 < 0.05$, $t=5.002$. This implied that there was a significant relationship between corporate entrepreneurial Risk taking and bank performance. The finding were similar to that of Wang (2008) who revealed that risk-tolerant and innovative firms' contributed to innovation and business improvement improving firm performance.

The coefficient regression analysis revealed that corporate entrepreneurial culture had a significant influence on performance at KCB Bank Limited as indicated factor $r=0.768$ with a $P=0.03 < 0.05$, $t=11.638$. The regression coefficient results further indicated that Corporate pro-activeness had a significant and positive influence on organizational performance at KCB Bank Limited as indicated by regression factor $r=0.557$, $P=0.001 < 0.05$, $t=7.115$. This implied that bank pro-activeness would improve bank performance significantly. The finding is supported by Baumol (2010) who found that pro-activeness gives firms the ability to present new products or services to the market ahead of competitors, which also gives them a competitive advantage and improve firm performance.

This implied that enhancing corporate entrepreneurship through corporate entrepreneurial risk taking, corporate innovation, corporate entrepreneurial culture and corporate pro-activeness would increase bank performance at KCB bank Limited as the results were statistically positive and significant. Therefore, product differentiation strategies are critical in improving banks' achieving competitive advantage. The findings concurred with Kuratko, Ireland, and Hornsby (2001) who found that corporate entrepreneurship

activities in a large firm resulted in risk taking, improve in innovativeness, diversification of products and access to new markets, improving firm impressive financial results, competitiveness in the market and achieving high level of competitive advantage.

CHAPTER FIVE

SUMMARY OF FINDINGS CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter provides the summary and conclusions and recommendations of the study based on the study main objective which was to determine the influence of corporate entrepreneurship on organizational performance in commercial banks, a case of KCB Bank Limited.

5.2 Summary of the findings

This section present the summary of the findings based on the research objectives.

5.2.1 Corporate Entrepreneurial Risk Taking

The study revealed that KCB bank has embrace corporate entrepreneurship to a very great extent as indicated by 79% of the respondents hence bank management increases corporate venture. Corporate risk taking involves bank taking bold actions by venturing into the unknown, borrowing heavily and/or committing significant resources to ventures in uncertain financial environments. The finding revealed that corporate risk taking enhances effectiveness of enforcement of the regulations, enhances relationship with shareholders, and enhances investor protection thereby increasing bank performance of bank to a very great extent. Corporate risk taking increases financing of bank venture to a very great extent. Corporate risk taking increases adaption to legal environment and high accounting standards and increasing stock market capitalization ratio improving performance of bank to a very great extent. The finding established that the bank avoiding risky value-enhancing investments, diversifying ownership, assessing risk-

return rankings and reduction in volatility of bank influence performance of bank to a very great extent. The study further established that Corporate Entrepreneurial Risk taking had a significant influence on bank performance.

5.2.2 Corporate Culture of Entrepreneurship

The study revealed that bank management had adopted corporate culture that allows bank employees to bring new ideas and tolerate risk, stimulating innovation, flexibility and improving bank performance. The bank management considered adoption of innovation in venturing to a very great extent. This had led bank improving creativity, innovativeness and avoidance of adverse risk-taking improving banks performance.

The findings revealed that the bank management was flexible to bank financial regulations. Bank flexibility influence bank adaptation to the internal and external environmental changes such as adhering to bank regulations and ease bank operations management is flexible to bank financial regulations improving bank performance.

The study results revealed that corporate culture exhibited by implementation of financial support systems, the adaptation to financial regulation, implementation of incentive to reinforce risk management behavior and increased risk management and ensuring bank board are accountable to the shareholders for legal compliance influence performance in the banks to a great extent. The study established that instituting risk governance, implementation of conflict resolution mechanism; enhance internal integrations to improve financial returns in the bank to a very great extent. The finding also showed that effective bank communication framework, adoption of information communication technology and employment of competent human resource influence performance of

bank to a great extent. The coefficient regression findings further revealed that corporate entrepreneurial culture had a significant influence on performance at KCB Bank Limited.

5.2.3 Corporate Innovations

The results revealed that innovation influences bank performance to a great extent. Through bank corporate innovation, utilization of mobile banking, online banking, automated cheques clearing and RTGS transfers innovation influence performance. This bank has involved corporate innovations that have enabled it to improve the performance. The finding showed that bank credit cards, mobile telephone banking, internet and agency banking are the financial innovations that had great impact on the financial performance of the banks. Marketing innovations had led to continually improvement of the quality of customer services and products offered by formulating appropriate marketing strategies which led to reduced costs, improved efficiencies, reaching new customers or improving customer experience hence improving bank performance.

This study found that corporate innovations led to efficient technological evaluation, production capabilities and strategic market positioning influence performance in the banks to a very great extent. The findings revealed that financial capability and developing performance appraisal instruments and systems impact on bank performance to a great extent.

The study revealed that through corporate innovations the bank achieved continuous quality improvement, introduction of new products and services, upgrading of the existing systems as well as introduction of new software for business operation and

introduction of agency banking services to improve bank performance to a very great extent. The corporate innovations were also found to improve bank offering customer-centric payment solutions, improve KCB's portfolio of merchants in e-payments and collections influencing performance at the bank. The results further indicated that corporate innovativeness led to offering thin sim-banking improving bank performance to great extent. The findings from regression model revealed that corporate innovation had a significant and positive influence on bank performance.

5.2.4 Corporate Pro-activeness

This study revealed that bank pro-activeness has led to diversification of bank corporate services, enhance strategic alliance, improve mergers and acquisitions and introduction of new bank products influence bank performance to a great extent .Through pro-activeness bank involvement with the community increase, improve on bank focus on foreign clientele such as Diaspora market and KCB Bank restructuring loans to a great extent.

The findings revealed that corporate entrepreneurship achieved bank performance. The results indicated that corporate entrepreneurship had led to an increase in bank market share, increase in bank profits, increased customer base and increase in return on assets. Corporate entrepreneurship was also found to increase in Net profit, improvement in disbursement of loans volumes and Quality Product development and reduction in employee turnover. This implied that corporate entrepreneurship has positive effects on performance in the bank. The study established that the bank achieved improved performance due to corporate entrepreneurship which influenced the bank in taking risk

and investing in technologies, enhance innovativeness, improve on quality of products and services and improve efficiency of bank distribution channels due to bank pro-activeness. The regression coefficient results further indicated that corporate pro-activeness had a significant and positive influence on organizational performance at KCB Bank Limited.

5.2 Conclusion

The findings indicated that corporate entrepreneurial risk taking has a significant positive influence on Organizational Performance. The study concluded that corporate risk taking enhances effectiveness of enforcement of the regulations, enhances relationship with shareholders, and enhances investor protection thereby increasing bank performance of bank to a very great extent. Corporate risk taking also increase financing of bank venture, adapting to legal environment and high accounting standards and increasing stock market capitalization, avoiding risky value-enhancing investments, diversifying ownership, assessing risk-return rankings and reduction in volatility influencing performance of bank to a very great extent.

The study concluded that bank corporate culture allows bank employees to bring new ideas and tolerate risk, stimulating innovation, flexibility, adoption of innovation in venturing, creativity, innovativeness and avoidance of adverse risk-taking and flexibility improving banks performance.

The study concluded that corporate entrepreneurial culture had a significant influence on performance at KCB Bank Limited. This was exhibited through implementation of

financial support systems, the adaptation to financial regulation, implementation of incentive to reinforce risk management behavior and increased risk management and ensuring bank board are accountable to the shareholders for legal compliance influence performance in the banks to a great extent.

The results revealed that that innovation influence bank performance to a great extent. Through bank corporate innovation, utilization of mobile banking, online banking, automated cheques clearing and RTGS transfers innovation influence performance. This bank has involved in corporate innovations that have enabled it to improve the performance. The finding showed that bank credit cards, mobile telephone banking, internet and agency banking are the financial innovations that had great impact on the financial performance of the banks. Marketing innovations had led to improvement of the quality of customer services and products offered by formulating appropriate marketing strategies which led to reduce costs, improve efficiencies, reach new customers or improve customer experience hence improving bank performance.

This study found that corporate innovations led to efficient technological evaluation, production capabilities and strategic market positioning influence performance in the banks to a very great extent. The findings revealed that financial capability and developing performance appraisal instruments and systems impact on bank performance to a great extent.

The study concluded that corporate innovations influence continuous quality improvement, introduction of new products and services, upgrading of the existing

systems as well as introduction of new software for business operation and introduction of agency banking services, improve bank offering customer-centric payment solutions, improve KCB's portfolio of merchants in e-payments and collections influencing performance at the bank .

The study further concluded that corporate entrepreneurship achieved bank performance. The results indicated that corporate entrepreneurship had led to increasing in bank market share, Increase in bank profits, increased customer base and increased in Return on assets. Corporate entrepreneurship was also found to increased in Net profit, improvement in disbursement of loans volumes and Quality Product development and reduction in employee turnover.

The study concluded that bank pro-activeness has led to diversification of bank corporate services, enhance strategic alliance, improve mergers and acquisitions and introduction of new bank products influence bank performance to a great extent .This is because pro-activeness led to involvement with the community increase, improve on bank focus on foreign clientele such as Diaspora market and KCB Bank restructuring loans to a great extent.

5.3 Recommendations

The study recommend that bank should engage in corporate risk taking as this would enhance effectiveness of enforcement of the regulations, enhance relationship with shareholders, enhance investor protection, increase financing of bank venture, adapting to legal environment and high accounting standards and increasing stock market

capitalization, avoiding risky value-enhancing investments, diversifying ownership, assessing risk-return rankings and reduction in volatility influencing performance of bank to a very great extent.

The study also recommend that banks should foster corporate entrepreneurial culture through implementation of financial support systems, the adaptation to financial regulation, implementation of incentive to reinforce risk management behavior and increased risk management and ensuring bank board are accountable to the shareholders for legal compliance as it would result into significant performance level.

The study also recommend that banks should venture into corporate entrepreneurship and embrace corporate innovation to enhance utilization of mobile banking, online banking, automated cheques clearing and RTGS transfers innovation influence performance. The corporate innovations would led to development of efficient distribution channels such as use of credit cards, mobile telephone banking, internet and agency banking that would significantly improve performance of the banks. Corporate innovations enable the bank to achieve continuous quality improvement, introduction of new products and services, upgrading of the existing systems as well as introduction of new software for business operation and introduction of agency banking services, improve bank offering customer-centric payment solutions, improve KCB's portfolio of merchants in e-payments and collections influencing performance at the bank .

The study recommends that banks should focus on enhancing corporate entrepreneurship as this was found to significantly led to increasing in bank market share, increase in bank

profits, increased customer base and increased in return on assets, increased in net profit, improvement in disbursement of loans volumes and quality product development and reduction in employee turnover.

The study recommend that banks should invest in corporate entrepreneurship to achieve pro-activeness that would lead to diversification of bank corporate services, enhance strategic alliance , improve mergers and acquisitions, market focus and introduction of new bank products influence bank performance to a great extent.

The study recommends that banks should focus on corporate pro activeness as this would improve bank performance significantly. Through pro-activeness financial firms would have the ability to present new products or services to the market ahead of competitors and achieve competitive advantage and improve firm performance.

The study recommends banks management should develop measure to enhance development of corporate entrepreneurship.

5.5 Recommendation for further studies

The study investigated relationship between corporate entrepreneurship and organizational performance focusing on KCB Bank Limited. There was a variation of 48.9% of organizational performance varied with variation in product corporate entrepreneurship in the bank. The study recommends that a further study should be carried out to establish other corporate entrepreneurship factors influencing performance in KCB Bank Limited. This would provide a broad based analysis and policy formulation

across the financial market. A study could also be undertaken to investigate challenges affecting bank in entering into corporate entrepreneurship.

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Appendices:

Appendix I: Letter of Authorization from NACOSTI



**NATIONAL COMMISSION FOR SCIENCE,
TECHNOLOGY AND INNOVATION**

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NAIROBI-KENYA

Ref No: **NACOSTI/P/16/52350/12669**

Date:
2nd August, 2016

Evelyn Mukami Mwaniki
Kenyatta University
P.O. Box 43844-00100
NAIROBI.

RE: RESEARCH AUTHORIZATION

Following your application for authority to carry out research on *“Corporate entrepreneurship and organizational performance: A case of KCB Kenya Limited,”* I am pleased to inform you that you have been authorized to undertake research in **Nairobi County** for the period ending **30th July, 2017**.

You are advised to report to the **Chief Executive Officer, Kenya Commercial Bank, the County Commissioner and the County Director of Education, Nairobi County** before embarking on the research project.

On completion of the research, you are expected to submit **two hard copies and one soft copy in pdf** of the research report/thesis to our office.


BONIFACE WANYAMA
FOR: DIRECTOR-GENERAL/CEO

Copy to:

The Chief Executive Officer
Kenya Commercial Bank.

The County Commissioner
Nairobi County.

The County Director of Education
Nairobi County.



APPROVED - PROCEED

FOR: KCB BANK KENYA LTD.



Appendix II: Letter of Authorization by Director of Education Nairobi County



Appendix III: Research Permit

THIS IS TO CERTIFY THAT:
MS. EVELYN MUKAMI MWANIKI
of KENYATTA UNIVERSITY, 2071-100
NAIROBI, has been permitted to conduct
research in Nairobi County
on the topic: CORPORATE
ENTREPRENEURSHIP AND
ORGANIZATIONAL PERFORMANCE: A
CASE OF KCB KENYA LIMITED
for the period ending:
30th July, 2017

[Handwritten Signature]
Applicant's Signature



Permit No : NACOSTI/P/16/52350/12669
Date Of Issue : 2nd August, 2016
Fee Received :Ksh 1000



[Handwritten Signature]
Director General
National Commission for Science, Technology & Innovation

CONDITIONS

- 1. You must report to the County Commissioner and the County Education Officer of the area before embarking on your research. Failure to do that may lead to the cancellation of your permit**
- 2. Government Officers will not be interviewed without prior appointment.**
- 3. No questionnaire will be used unless it has been approved.**
- 4. Excavation, filming and collection of biological specimens are subject to further permission from the relevant Government Ministries.**
- 5. You are required to submit at least two(2) hard copies and one(1) soft copy of your final report.**
- 6. The Government of Kenya reserves the right to modify the conditions of this permit including its cancellation without notice**


REPUBLIC OF KENYA

National Commission for Science, Technology and Innovation

RESEARCH CLEARANCE PERMIT

Serial No. A 10484

Appendix IV: Questionnaire

PART A: GENERAL INFORMATION

1. Kindly indicate the department you work in

i. Finance []

ii. Accounts []

iii. Administration []

iv. Auditor []

Any other.....

2. Your designation

i. Bank managers []

ii. Corporate RM []

iii. Finance Officers []

3. What is your highest level of education?

i. Bachelor Degree []

ii. Masters degree []

iii. Doctorate []

Any other, kindly specify.....

4. How many years have you worked in your institution?

1-5 years [] 6-10 years []

11-15years [] 16-20 years []

21-25 years [] 26-and above []

5. How many years have your bank adopted corporate entrepreneurship?

1-3 years [] 4-6 years []

7-9years [] 10 and above []

Part B: Influence of corporate entrepreneurial Risk taking on Organization Performance in the KCB Bank Limited.

6. Kindly indicate the extent to which your bank has embrace corporate entrepreneurship

- i. No extent []
- ii. Less extent []
- iii. Moderate Extent []
- iv. Great Extent and []
- v. Very Great Extent[]

7. Does banks management increase corporate venture?

Yes []

No []

Give reason for your answer.....

8. To what extent do you agree with the following statement concerning influence of corporate risk taking on performance in your bank? Use a scale of 1 – 5 where 1 = no extent, 2= Less extent, 3=Moderate Extent, 4= Great Extent and 5 = Very Great Extent)

Statements	1	2	3	4	5
The bank assess Risk-Return Rankings					
Enhance relationship with shareholders					
Diversify ownership					
Adapt to legal environment					
Reduction in volatility of bank					

Increase stock market capitalization ratio					
Increase financing of bank venture					
Enhance effectiveness of enforcement of the regulations					
The bank avoid risky value-enhancing investments					
High accounting standards					
Enhance Investor protection					

Section B: Corporate Culture of Entrepreneurship

9. To what extent does the bank management considered adoption of innovation in venturing?

- i. No extent []
- ii. Less extent []
- iii. Moderate Extent []
- iv. Great Extent and []
- v. Very Great Extent[]

Kindly explain your answer.....

10. Is the bank management flexible to bank financial regulations?

Yes []

No []

11. To what extent do you agree with the following statement concerning Corporate Culture of Entrepreneurship in influencing performance of your bank? (Indicate the appropriate variable by putting a cross [X]. 1= Not at all, = little extent, 3= Moderate extent, 4= Great extent, 5= Very great extent)

	Very	Great	Moderate	Little	Not
--	------	-------	----------	--------	-----

	great extent	extent	extent	extent	at all
The bank enhances creativity					
Employment of competent human resource					
Accountability among the employees					
Effective communication framework					
Increase risk management					
Implementation of incentive to reinforce risk management behavior					
The adapt to financial regulation					
Instituting risk governance					
Implementation of financial support systems					
Enhance internal integrations to improve financial returns					
Implementation of conflict resolution mechanism					
Influence adoption of information communication technology					

12. In your own opinion, kindly indicate how bank corporate culture has influenced achieving high bank performance

.....

.....

.....

.....

.....

.....

Section C: Corporate Entrepreneurship and Innovation

13. Indicate which of the following innovation influence performance

- i. Online banking []
- ii. Mobile banking []
- iii. Automated Cheques Clearing []
- iv. Value of sector RTGS transfers []

14. How do you rate the importance of marketing innovations in your bank?

- i. Very important []
- ii. Important []
- iii. moderately importance []
- iv. Less important []
- v. Not important []

Give reasons for your answer.....

15. To what extent does you bank’s management adopt the following innovation in the banks

Innovation	Very great extent	Great extent	Moderate extent	Little extent	Not at all
Strategic market positioning					
Technological evaluation					
Production capabilities,					

Financial capability					
Developing performance appraisal instruments and systems					
Ensure bank board are accountable to the shareholders for legal compliance and maintenance of systems					

16 Indicate the extent to which below features of corporate innovations affects performance in your bank. Use scale of 1 to 5 where; 1= very low extent; 2 = low extent; 3 average extent; 4 = Great extent; 5 = very great extent

Factors	Very great extent	Great extent	Average extent	Low extent	Very low extent
Offering customer-centric payment solutions					
Agency banking services					
KCB's portfolio of merchants in e-payments and collections					
Offering thin sim banking					
Continuous quality improvement					
Introduction of new product/service design					
Introduction of new products and services, upgrading of the existing systems as well as introduction of new softwares for business operation					

Section D: Corporate Pro-activeness

17. To what extent has the bank adopted information technology systems?

- i. No extent []
- ii. Less extent []
- iii. Moderate Extent []
- iv. Great Extent and []
- v. Very Great Extent[]

Kindly explain your answer.....

18. To what extent does your bank focus on the following proactive issues. Use scale of 1 to 5 where; 1= very low extent; 2 = low; 3 ; 4 = Great; 5 = very great extent

Proactive Issues	Very great	Great	Average	Low	Very Low
Diversify corporate services					
Mergers and acquisition					
Engage in strategic alliance partners such as Safaricom					
Involvement with the community					
Introducing new products					
KCB Bank restructuring loans					
Bank focus on foreign Clientele such as Diaspora market					

19. Kindly indicate whether Corporate Entrepreneurship affect the following aspects of performance of your Bank?

Financial performance measure	Yes	No
Employee Turnover		
Disbursement of loans		
Surplus Or Net profit		
Market share price		
Increase in bank profits		

Return on assets		
Increase in customer base		
Increase in market share		
Increase in dividend payout		
Quality Product development		

Give reason for your answer.....
.....
.....