

**MNE3702**

May/June 2013

CORPORATE ENTREPRENEURSHIP

Duration 2 Hours

70 Marks

EXAMINERS
FIRST
SECOND
EXTERNALMISS T COHEN
MR NS RADIPERE
MR PJ RAS

Use of a non-programmable pocket calculator is permissible

Closed book examination

This examination question paper remains the property of the University of South Africa and may not be removed from the examination venue

This paper consists of 6 pages (including this cover page)

This paper may be answered in English or Afrikaans

This paper comprises of two sections, **Section A** and **Section B**

Section A is a **compulsory** section which you have to answer

Section B consists of three questions You may choose any two of the three questions to answer (you must NOT answer all three questions in Section B)

Ensure that the following information appears on the cover of your answer book

- Your student number
- The **module code (MNE3702)**
- The **numbers** of the questions you have answered

Answer the questions in the answer book provided to you Please indicate the SECTION and the NUMBER of the question clearly when answering

[TURN OVER]

SECTION A**SECTION A IS COMPULSORY.
ANSWER ALL THE QUESTIONS IN THIS SECTION.**

Read the case study and answer the questions that follow

Google: One of the World's Best Companies for Innovation

Google is considered the world's leading search engine with over 19,000 employees and over \$24 billion in revenue. Founders Larry Page and Sergey Brin named the search engine they built "Google" a play on the word "googol," the mathematical term for a 1 followed by 100 zeros. The name reflects the immense volume of information that exists, and the scope of Google's mission, which is to organize the world's information and make it universally accessible and useful. Google primarily generates revenue by delivering relevant, cost effective online advertising. Businesses use Google's AdWords program to promote products and services with targeted advertising. In addition, the thousands of third-party Web sites that comprise the Google network use the Google AdSense program to deliver relevant AdWords that generate revenue and enhance the experience.

It is really the people that make Google the kind of company it is. The organisation hires people who are smart and determined, and they favor ability over experience. Although 'Googlers' share common goals and visions for the company, they hail from all walks of life and speak dozens of languages, reflecting the global audience that they serve. When Googlers are not at work, they pursue interests ranging from cycling to beekeeping, from frisbee to foxtrot.

The organisation strives to maintain the open culture often associated with startups, in which everyone is a hands-on contributor and feels comfortable sharing ideas and opinions. In their weekly all-hands meetings – not to mention over email or in the café – Googlers ask questions directly to Larry, Sergey and other executives about any number of company issues. Their offices and cafes are designed to encourage interactions between Googlers within and across teams, and to spark conversation about work as well as play.

Organisationally, Google maintains a casual and democratic atmosphere, resulting in its distinction as a "Flat" company. The company does not boast a large middle management, and upper management is so hands on, it is hard to qualify them in a separate category. Teams are made up of members with equal authority and a certain level of autonomy is maintained. "We're a highly collaborative culture," said Karen Godwin, the office's online sales and operations manager and a former Kodak executive. "There's no top-down hierarchy."

Google has consistently scored in the top five slots of Fortune magazine "Best Companies to Work For" rankings. The company spends a lot of time and finances on the recruitment process of potential employees. Once inside, employees function in loose teams in a relaxed atmosphere. The combination of this atmosphere with the methodical nature of Google task-

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based, engineer design system can make for a difficult fit. Deeply methodical methods and big expectations on employee behaviour, even if those expectations are casual, make for a Laboratory employee relationship.

Page and Brin still play an active role in the day-to-day affairs of Google Inc. That being said, they have constructed a corporate culture that deeply believes in delegation. Individual employees are encouraged to speak their mind from the first day, and even decisions classically reserved for management, such as hiring, are done through a collaborative process.

The result of their efforts is perhaps the best example of a Loose-Tight company, one where the core employees have autonomy, but under the regime of a single unifying philosophy. Google is, and will likely remain, one of the most dynamic and competitive firms in the world today. Its willingness to learn from its experiment and learn from its mistakes compliments perfectly its internal collaborative structure.

Case study compiled and adapted from the following sources:

Google Company 2013 *Our Culture* [Online] Available from
<http://www.google.co.za/about/company/facts/culture/>

Kuratko, D F, Morris, M H & Covin, J G 2011 *Corporate innovation and entrepreneurship*. Canada South-Western Cengage

Johansson, G 2010 *Google: The world's most successful corporate culture* [Online] Available from
<http://suite101.com/article/google-the-worlds-most-successful-corporate-culture-a242303>

QUESTION 1

- 1.1 Organisational structure plays an important role in facilitating the corporate entrepreneurship process in a business. The structure of a company can be categorised into one of four general types of structure, each with specific characteristics.
- 1.1.1 List and briefly describe each type of organisational structure. (8)
- 1.1.2 What type of organisational structure does Google make use of? Motivate your answer (Hint: Use the characteristics of the selected structure to build your argument). (6)
- 1.2 Unpack the concept of “creative abrasion” and indicate how this concept is applied at Google. (10)

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- 1 3 Often large corporate environments can force corporate entrepreneurs to lose their entrepreneurial mindset Google has been extremely successful in maintaining such a mindset
- 1 3 1 Provide a brief definition for the entrepreneurial mindset (1)
- 1 3 2 Identify and describe the characteristics of the entrepreneurial mindset as it is applied at Google (5)
- [30]

SECTION B

ANSWER ANY TWO OF THE FOLLOWING THREE QUESTIONS

QUESTION 2

- 2 1 Some of the world's most innovative companies include Facebook, Amazon, Google, Walmart, Disney and Nike These companies have something in common, they are continuously striving for a sustainable competitive advantage and the managers within them continually reinvent themselves
- List and explain the five key capabilities that would contribute towards a company achieving a sustainable competitive advantage (5)
- 2 2 Companies go through an organizational life cycle as they evolve Griener (1972) suggests that often, at some stage during this cycle, companies lose their entrepreneurial way
- Identify the fifth and final stage of Griener's Organisational Life Cycle Process Describe this stage and indicate what changes must be made to ensure a continued existence of the company (5)
- 2 3 There is some level of entrepreneurship in every organisation Innovativeness, risk-taking and proactiveness are three dimensions that characterise and determine the level of entrepreneurship within an organisation List and discuss these three dimensions of corporate entrepreneurship (6)

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- 2.4 Many companies have an overall orientation that guides or drives how entrepreneurial activity is manifested in innovation processes. Two of the dominant approaches are the technology-push and market-pull innovation processes. Briefly explain these two concepts. (4)

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QUESTION 3

- 3.1 The new product or service development process does not evolve in a neat and orderly fashion. In fact, there is a certain level of chaos in most successful development projects. Nonetheless, there are some key steps that generally must be accomplished to produce a commercially viable new product.

Discuss the steps in the innovation process. (8)

- 3.2 As companies respond to the innovation imperative, they are increasingly relying on a model of innovation variously known as open innovation.

3.2.1 What is open innovation? (2)

3.2.2 Why are companies increasingly choosing to pursue an open innovation model? Provide and explain four reasons. (4)

- 3.3 Creativity is the soul of entrepreneurship. It is not something one can see, but the quality of the group's creativity can be judged. List the three standards available for judging a creative concept and present the type of questions that could be asked for each respective standard. (6)

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QUESTION 4

- 4 1 In an entrepreneurial business there needs to be an appropriate level of control
There must be effective control over resources to ensure that they are used
correctly and ethically, while at the same time ensuring that entrepreneurial
behaviour is supported

Describe the elements of an entrepreneurial philosophy of control (10)

- 4 2 The concept of the ambidextrous organization has been proposed as a model of
how successful entrepreneurial organisations operate

4 2 1 Define and explain an ambidextrous organisation (5)

4 2 2 Draw up a table indicating how entrepreneurial leadership and
ambidextrous management balance competing demands The table
should have the following two headings "Mainstream" Exploitation and
"Newstream" Exploration (5)

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TOTAL [70]