

How is an Employee's Entrepreneurial Side Revealed or Terminated by Organizational Factors?

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Abstract

This study is the examination of entrepreneurship within an organization at an individual level. The relationships, between the quantity of employee's suggestions occurring during the past year, which is accepted as the concrete evidence of entrepreneurial features of employees, and the organizational factors have been examined, as well as the relationship between the quantity of the employee's suggestions and the quantity of implemented suggestions, and how this relationship is affected by the organization's boundaries, have been examined. 412 people have participated in the study. After applying a confirmatory factor analysis to the scales used in the research, the relationship among research variables has been analyzed by using the structural equation model (SEM). The results showed there was a positive and statistically meaningful relationship between organizational factors, rewards reinforcement (.46 $p < 0.05$), work discretion/autonomy (.33 $p < 0.05$), and supervisor support (.30 $p < 0.05$), and the quantity of suggestions of the employee within the past year, as concrete evidence of the entrepreneurship of the employee in the organization. There has not been found a statistically meaningful relationship between the quantity of suggestions occurring the past year and time availability (.06, $p > 0.05$). A strong and positive relationship between the suggestion quantity of the last year and the implemented suggestions (.77 $p < 0.01$) has been observed. A negative relationship was seen among the organization's boundaries and the quantity of suggestions of the past year (-.25 $p < 0.05$), and the implemented suggestions (-.62, $p < 0.01$).

Key Words: Entrepreneurship, Intrapreneurship, Organizational Boundaries, Rewards, Reinforcement, Work Discretion, Autonomy, Supervisor Support

1. Introduction

Entrepreneurship has usually been thought of being related with business start-ups. However, today, it is transformed and related to innovation, which is the most important source of competition and organizational development. Entrepreneurship is at every level of the organization, e.g., the process improvement projects provide opportunities for the emergence of entrepreneurial activities, and strengthen the existing ones. This is called intrapreneurship (Antoncic & Hisrich, 2001), which is based on the individual level of entrepreneurial thinking and behavior within the organization.

2. Literature Review

An intrapreneur develops ideas to improve a new product or to renovate the existing ones in his work environment (Carland&Carland, 2007). Within an intrapreneurial culture, an employee's knowledge and skills are activated and new ones can be developed. Therefore, an organization, regardless of its size, with employees who have entrepreneurial traits, will have significant benefits and opportunities to develop new products and services. This way, the organization will gain a competitive advantage by developing new products, services, and methods, will increase its performance, market share and profitability, and will produce significant financial developments (Hornsby, Kuratko,Zahra, 2002). All of the above stated are based on the results of the employees' entrepreneurial traits and activities (Carland&Carland, 2007).

To create an entrepreneurial culture within the organization, the employees' entrepreneurial traits must be uncovered (Miao & Liu, 2010). Risk taking must be encouraged, and all entrepreneurial practices must be rewarded (Covin & Slevin, 1989). Management has to identify strategies to promote entrepreneurship, redefine jobs, create research and development programs (Rule & Donald, 1988), open all communication and information channels for new ideas (Li, Bao, Jiang, 2013), and provide new resources for new projects, monitoring, sharing and awarding the results of implemented suggestions (Carland & Carland, 2007). The organization management must be constructed in a work environment that brings out the entrepreneur features of the employees (Maier&Zenovia, 2011). Zahra calls this the intrapreneurial culture (1986). People are ready to take more risk and to feel more confident (Ye, 2013) in the intrapreneurial culture. They all provide competitive advantages, and these advantages lead to significant improvements in financial statements (Kuratko, Ireland, Hornsby, 2001).

Zahra subsumes the factors, which affect entrepreneurship within the organization under three headings: 1- environmental, 2- strategic, and 3- organizational factors (1986). Environmental factors which are the growth rate of the industry, the customer demand, new products and sales strategies of competitors, and changes in technology, shape the organization's entrepreneurial property (Antoncic & Hisrich, 2004). Strategic factors are growth, stability, and downsizing, which can be adopted by management. Organizational factors are organizational structure, culture, management, and coworkers' support (Hornsby, Kuratko, Zahra, 2002).

When organizational factors are constructed to uncover and enhance entrepreneurial capabilities, employees can be encouraged to look for opportunities to use their potential and develop new ones (Antoncic & Hisrich, 2004). It was observed by researchers that entrepreneurship is not supported; the employees would prefer to cover their potential (Ireland, Covin, Kuratko, 2009). Hornsby, Kuratko, and Zahra identify the most important factors, which affect the entrepreneur potential of employees; these are organizational boundaries, management support, work discretion/autonomy, reward/reinforcement, and time availability (2002).

3. Theoretical Model

In this study, the entrepreneurship within the organization has been examined at an individual level. First of all, the relationship between the organizational factors which brings upon and simultaneously affects the entrepreneurial side of the employee- support of administration, work discretion and autonomy, reward and reinforcement, time management- and the quantity of the employee's suggestions of the past year, which is the concrete evidence of the outcome of the employee's entrepreneurship was observed, later, the relationship between the quantity of the employee's suggestions as a result of the employee's entrepreneurship within the organization and the implemented suggestions, as well as how this relationship is affected by the organization's boundaries, were examined.

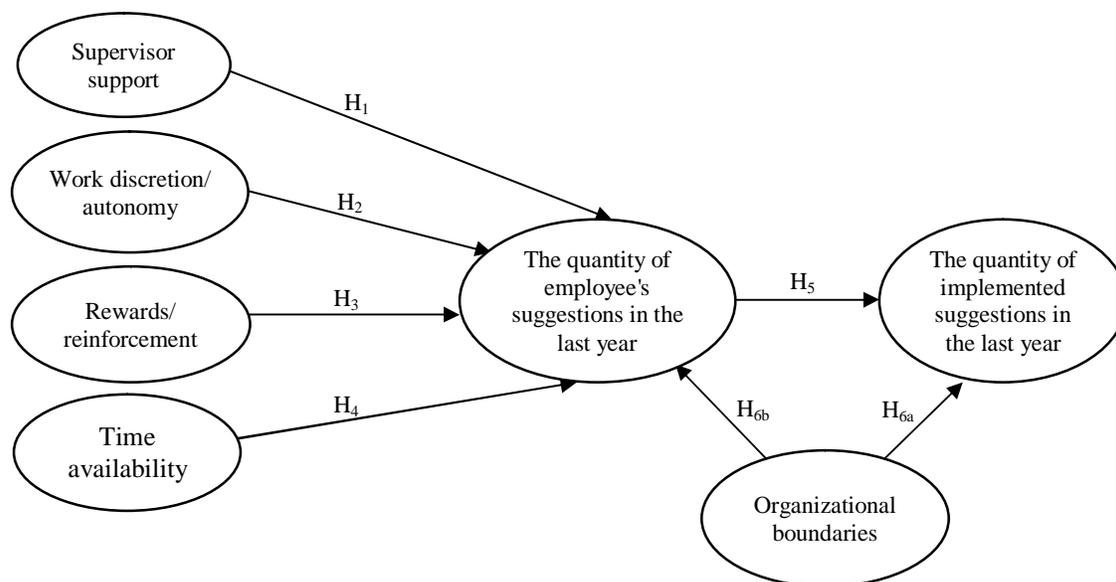


Figure 1. The Theoretical Model

Supervisor Support refers to the extent to which an employee feels the supervisor is willing to facilitate and promote entrepreneurial behavior and activities (Li, Bao, Jiang, 2013). In previous studies, between the support of the supervisor and intrapreneurship, a positive correlation has been identified (Lyon, Lumpkin, Dess, 2000; Antoncic & Hisrich, 2001).

H₁ Supervisor support will correlate significantly and positively with the quantity of the employee's suggestions in the last year.

Work Discretion/Autonomy refers to the extent to which an employee feels management tolerates failure, provides decision making latitude and freedom from excessive oversight, and delegates authority, and responsibility to workers (Hornsby, Kuratko, Zahra, 2002). Studies show the discretion, and strength of employees are required to promote and maintain intrapreneurship (Beal, 2000; Kuratko, Ireland, Hornsby, 2001).

H₂ Work discretion/autonomy will correlate significantly and positively with the quantity of employee's suggestions in the last year.

Rewards/Reinforcement refers to the extent to which an employee feels his/her supervisor distinguishes the differences among employees, rewards employees based on performance, highlights significant achievements, and encourages a pursuit of challenging work. Regulation and implementation of the reward/reinforcement system according to the entrepreneurial culture strengthen the entrepreneurial trait of employees (Hornsby, Kuratko, Zahra, 2002). Employees are promoted to take risks for innovation (Sathe, 1989). According to the results of previous studies, in risk-taking for intrapreneurship, the reward system is the most influential factor. (Kuratko, Montagno, Hornsby, 1990).

H₃ Rewards/reinforcement will correlate significantly and positively with the quantity of employee's suggestions in the last year.

Time Availability refers to the extent to which an employee feels individuals and groups have the time needed to pursue innovations and their jobs are structured in ways, which support effort to achieve short and long term organizational goals. The study results have confirmed the time availability of an employee or teams with the successes of the entrepreneur activities, are closely related (Das & Teng, 1997; Slevin & Covin, 1997).

H₄ Time availability will correlate significantly and positively with the quantity of the employee's suggestions in the last year.

The Quantity of Suggestions in The Last Year refers to the total quantity of the improvement suggestions, which have been presented by the employee based on the employee's production level within the past year, or on work processes.

The Quantity of Implemented Suggestions in The Last Year refers to the quantity of suggestions given by the employee, which have actually been implemented.

H₅ The quantity of an employee's suggestion in the last year will significantly and positively correlate with the number of implemented suggestions in the last year.

Organizational Boundaries refers to the extent to which an employee feels precise explanations of outcomes are expected from organizational work and the development of mechanism for evaluating, selecting, and using innovations existing within the organization.

Organizational theories agree that uncertainties can be ceased and efficiency can thrive by defining and following the organizational goals and processes. By these premises, the boundaries for all departments and activities must be defined, and ensured to remain within the boundaries of the co-ordination, and to control the aims to be achieved. However, the constructed solid boundaries eliminate the flexibility of employees (Chen, Liao, Redd, Wu, 2013; Ye, 2013), and hinder entrepreneurship activities (Goodale, Kuratko, Hornsby, Covin, 2011). Flexible organizational boundaries provide communication and information sharing between departments and the outside of the organization, and help increase entrepreneurial activities (Miller, Fern, Cardinal, 2007).

H_{6a} Organizational boundaries will correlate significantly and negatively with the quantity of implemented suggestions in the last year.

H_{6b} Organizational boundaries will correlate significantly and negatively with the quantity of suggestions in the last year.

4. Method

4.1. Participants

Data for this study came from the workers of a large and innovative home appliances manufacturer in Turkey. One thousand questionnaires were distributed by the Human Resources department. 412 completed questionnaires were received in return. Eighteen of the responses were not usable. The response rate was 41%. The average age was 32 (SD 8,96), the average tenure was 15 years (SD 7,82), and the average tenure in the organization was 9 years (SD 5,32).

4.2. Measure

The Corporate Entrepreneurship Assessment Instrument (CEAI) was developed by Hornsby, Kuratko, and Zahra (2002) to gauge the organizational factors that foster corporate entrepreneurial activity within a company. The questionnaire has a total of 43 items, and used the Likert-type scales with 1 representing strongly disagree to 5 representing strongly agree.

5. Results

5.1. Scale Analysis

A confirmatory factor analysis was first conducted by using the AMOS 18 package to ensure separate and reliable scales were used for assessing the variables. The purpose of the analysis was to confirm that CEAI items fit into pattern predicted by previous theories and research. The results were satisfactory, and confirmed that the main set of variables compromised separate factors: $X^2(264) = 103$, $p < .05$; $X^2/df = 2.56$; RMSEA= 0.048; CFI= .93; GFI= .89; CFI= .93; TLI= .92; NNFI= .94.

Next, a correlation matrix was produced in order to analyze the elementary relationship among the research variables. In table 1. The Means, Standard Deviations, Reliabilities and Intercorrelations represent the correlations among the variables along with the means, standard deviations, and coefficient alphas. The results are supportive of the hypothesized model.

Table 1: Means, Standard Deviations, Reliabilities and Intercorrelations

Variables	Mean	SD	1	2	3	4	5	6
1 supervisor support	3.33	1.02	(.93)					
2 work discretion/autonomy	3.25	.87	.32**	(.88)				
3 reward/reinforcement	3.92	.74	.37**	.35**	(.82)			
4 time availability	4.67	.22	.26*	.31**	.46**	(.76)		
5 organizational boundaries	3.58	1.07	-.28**	-.22*	-.20*	-.07	(.78)	
6 the quantity of employee's suggestions in the last year	3,48	1,38	.32**	.36**	.44**	.13*	-.45**	
7 the quantity of implemented suggestions in the last year	2,35	1,85	.20*	.37**	.32**	.14*	-.52**	.55**

Cronbach's Alpha reliabilities are in parentheses on the diagonal.

N= 412, * $p < .05$, ** $p < .01$

5.2. Structural Model

Structural Equation Modeling (SEM) was used to test the hypothesized model. Several fit indices were checked to determine whether the hypothesized model demonstrated an acceptable fit according to the data. The hypothesized model showed an acceptable fit with the data. $X^2(272) = 582$, $p < .05$; $X^2/df = 2,14$; RMSEA= 0.048; CFI= .96; GFI= .90; TLI= .94; NNFI= .96.

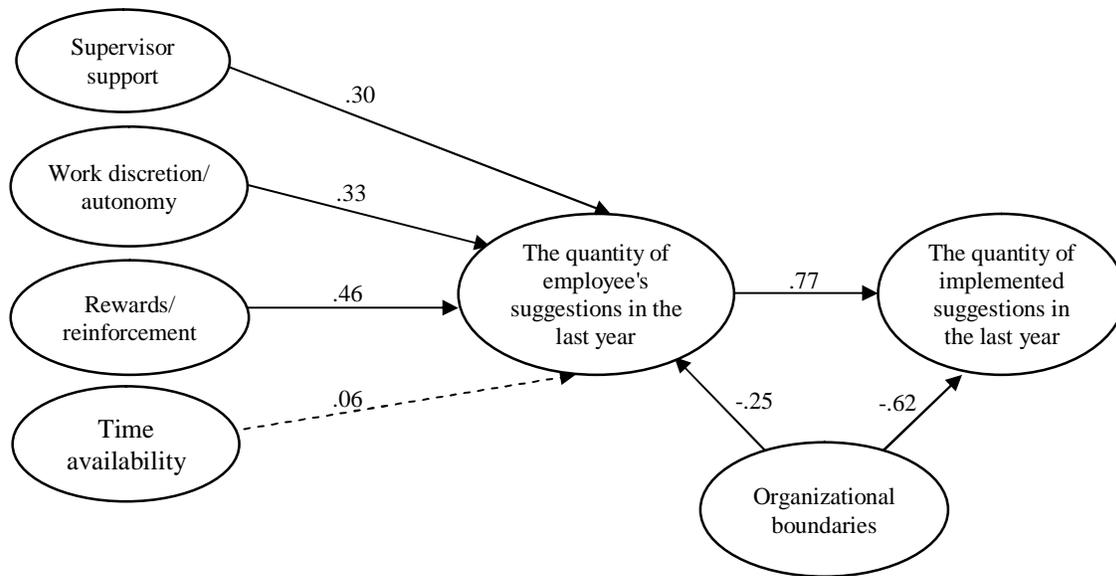


Figure 2: Antecedents and Outcomes of the Intrapreneurship Structural Model

Table 2. The Theoretical Model Hypotheses Results

Hypotheses	Estimate	S.E.	C.R.	P	Result
H ₁	.30	.143	2.066	<.05	Accepted
H ₂	.33	.156	2.110	<.05	Accepted
H ₃	.46	.381	2.494	<.05	Accepted
H ₄	.06	.072	.827	.408	Rejected
H ₅	.77	.060	8.505	<.001	Accepted
H _{6a}	-.62	.140	5.711	<.001	Accepted
H _{6b}	-.25	.118	2.233	<.05	Accepted

6. Discussion

The results of this study coincide with those of previous research. According to the study results, the most important factors for the emergence of the entrepreneurial attributes are rewards/reinforcement (.46, p<0.05), work discretion/autonomy (.33, p<0.05), and supervisor support (.30, p< 0.05).

It can be said, the employees become motivated by the rewards given as a result of suggestions. Organizations that care about innovation and a continuous process should firstly implement supporting reward systems, later, should provide flexibility to the employee to do his own work as well as discretion/autonomy (Kuratko, Ireland, Hornsby, 2001), and should encourage risk taking (Belal, 2000). In addition, the managers, by providing support to the employee (Li, Bao, Jiang, 2013), will bring upon the entrepreneurial side of the employee, and especially by rewarding the employees, the management can ensure the entrepreneurship is part of the organization culture. Between time availability and number of suggestions in the last year, it was found that there is not a significant relationship (.06, p>0.05). Because the employees were provided plenty of time, it was seen, in this study, time management was not an issue affecting entrepreneurship within the organization.

An advanced relationship between the quantity of employee's suggestions of the past year, which are the results of the employee's entrepreneurial features, and the implemented suggestions (.77, p<0.01) was seen. By taking the results of this study as a departing point, it can be said, there will be more suggestions of employees and their entrepreneurship sides strengthen within an organization that possesses an entrepreneurial culture, and parallel to this, the number of projects will increase. It is foreseen that the results of such an entrepreneurial organization's culture will cause positive changes (Kuratko, Ireland, Hornsby, 2001) in financial tables.

It is the organization's limitations that negatively affect both the quantity of suggestions of employees (-.25, p<0.05) and the number of implemented suggestions (-.62, p<0.01). The study shows that where there is no organizational flexibility, the employees have limited entrepreneurial features, and most of all this would make it more difficult to implement their suggestions.

To conclude it can be said, organizational factors, which improve and strengthen employees' entrepreneurial sides, are firstly rewards/reinforcement, and then work discretion/autonomy, and supervisory support, and it is, above all, the organizational boundaries which prevent the implementation of suggestions.

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