

ENTREPRENEURIAL LEADERSHIP AND INNOVATIVE WORK BEHAVIOR: INVESTIGATING THE MEDIATING ROLE OF PERCEIVED SELF-EFFICACY

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Abstract: The primary goal of this paper is to reveal the relationship between entrepreneurial leadership and innovative work behavior. Besides this, it is intended to explore whether there is a mediating role of perceived self-efficacy on that relationship. In order to scrutinize these relationships, a quantitative research was conducted on a carefully selected sample of 174 employees from two medium-sized firms operating in information and technology sector. According to the results obtained by analysing data acquired, it is observed that, entrepreneurial leadership has a positive effect on innovative work behavior. Moreover, perceived self-efficacy plays a partial mediator role on the relationship between entrepreneurial leadership and innovative work behavior. By the help of this paper, the importance of the effects of entrepreneurial leadership and self-efficacy beliefs on innovative work behavior of employees is understood.

Keywords: Entrepreneurial leadership, Innovative work behavior, Perceived self-Efficacy

I. INTRODUCTION

The concept of ‘entrepreneurship’ has been put in the first place among the factors affecting a country’s economy since its importance was emphasized by the early economics theorists (e.g. [1], [2], [3]). Entrepreneurs supply an important portion of jobs especially for the young employees, while they are contributing a significant amount into real gross domestic product by their recently established firms [4]. The concept of entrepreneurship consists of activities for establishing, developing and sustaining a business to make profit [5]. It can also be defined as, a process of creating a new organization by taking risks for product innovation and being proactive and aggressive to compete against rivals ([6], [7]).

So as to establish a sustainable business in today’s high-competitive environment, entrepreneurs inevitably must have the vision and the experience to manage a new company. Because, nowadays the business environment is dynamic and complex, only the firms that are led by visionary leaders or managers who scan their environments for every opportunity can survive. That is the reason why; organizations need visionary, innovative and supportive leaders than they need before.

In this paper; firstly, the relationship between entrepreneurial leadership and innovative work behavior is examined. Both the concepts of entrepreneurial leadership and innovative work behavior are coming into prominence recently based upon their attractiveness among scholars (e.g. [8], [9]). Theoretical rationale for examining the relationship between these constructs is based on Job Demands-Resources Model that relies on “job demands” and “job resources” [10]. Secondly, another aim of this paper is to find out whether there is a mediating role of perceived self-efficacy between

entrepreneurial leadership and innovative behavior. This time the rationale stems from the attribution theory, expectancy value theory and goal theory [11].

II. THEORETICAL FRAMEWORK

To demonstrate the theoretical framework of this paper, the concepts of ‘entrepreneurial leadership’ and ‘innovative behavior’ and ‘perceived self-efficacy’ will be examined in detail.

A. Entrepreneurial Leadership

Understanding the importance of entrepreneurship and leadership in the last century, it has been witnessed that when these two concepts are combined, then an organization can operate more effectively and only in this case, it can reach its goals and objectives more efficiently. Today’s business composition requires both leaders to act in an entrepreneurial manner and entrepreneurs to behave like a leader. So having roots in both ‘transformational leadership’ [12] and ‘value-based leadership’ [13], the concept of entrepreneurial leadership has been generated from late 20th century leadership theories.

Besides the definition of a leader who effects and motivates followers in order to reach a deliberate goal [14], entrepreneurial leadership can be defined as a leadership process in which the leader exerts innovative, risk-taking and proactive behaviors in order to encourage the followers to scan and notice the opportunities around [15]. A new approach to leadership, entrepreneurial leadership is crucial in complex and dynamic environments because related to transformational leadership, also entrepreneurial leadership takes uncertainty into consideration and these leaders acts as change agents in the organization [16]. Besides, an entrepreneurial leader enables followers or employees both to think as an entrepreneur and to act as an entrepreneur in the

organization [17]. In case of hard times in the organization, entrepreneurial leader is the one who brings members together, motivates them and provides creative solutions.

Entrepreneurship and leadership are brought together under the roof of the concept of ‘‘entrepreneurial leadership’’. According to this newly introduced style of leadership, entrepreneurial leaders are the ones who established the firm and who have vision, impact, creativity and planning capabilities [18]. Thus, entrepreneurial leadership, a related concept to transformational leadership [15], is a type of leadership that creates a supportive, creative, innovative and striking opportunities atmosphere in the organization for employees in a complex and chaotic environment ([19], [20]. [21]).

B. Innovative Work Behavior

Innovation in the organizations refers not only to formulation of proper ideas but also practicing them apart from the concept of creativity that refers to forming an idea primarily [22]. Thus, innovative work behavior is defined as, generating useful ideas and solutions in favour of the organization or the group that the employee belongs to [23]. Innovative work behaviour can be taken as a process because it has a number of consecutive stages. Firstly it begins with generating new ideas, and then it is followed by disseminating this fruitful idea to other employees and in the final step, if it is accepted, the innovative idea is implemented [24].

Certainly, innovative work behavior of employees helps organizations gain competitive advantage over their rivals in the business environment. Furthermore, this type of employee behavior enhances an organization to reach its aims in an efficient way. For this reason, organizations are more eager to provide a work atmosphere, which fosters innovative work behavior nowadays [25].

When the facilitators of innovative work behavior are analysed, these are determined as; the employee himself/herself, the leader, the working group and innovation climate [24]. Among these, because it plays a vital role in performing innovative work behavior, examining leadership is the focus of this paper. The special type of leadership that is entrepreneurial leadership is an important factor for innovative behaviour in the workplace. Entrepreneurial leaders support employees to create new ideas and new solutions because they are in search for new opportunities in dynamic environments [26]. Their visionary and proactive characteristics provide employees a freedom to generate and implement innovation.

C. Perceived Self-Efficacy

Perceived self-efficacy is a concept which is based upon the Social Cognitive Theory [27]. Efficacy beliefs have a vital role in self-regulation of motivation by personal goals and outcome expectations [28]. Deriving from these perceived self-efficacy can be defined as; the general beliefs for

individual power, capabilities and capacity while trying to accomplish assignments undertaken [29]. In short, perceived self-efficacy determines the motivation level and shapes the behavior of an individual.

Self-efficacy level is vital to motivate oneself to undertake a challenging duty [29]. That is why the level of self-efficacy should be high in the organizations operating in a competitive environment. It shall be increased by individual experiences, other people’s experiences, social persuasion and their psychological mood [11].

According to self-efficacy approach, it can be inferred that there is a discrepancy between an individual’s capabilities and individual’s beliefs on them [27]. If the individual can be persuaded to believe in his/her capabilities to perform well, his/her performance tends to increase. One of the most important ways for achieving this turns out to be entrepreneurial leadership. Since entrepreneurial leaders seek for better solutions and support employees to be innovative [20], provide them all the resources they need and encourage them believe in their capabilities, employees believe more and motivate themselves to reach their aims [11].

III. HYPOTHESIS DEVELOPMENT

Entrepreneurial leadership provides a valuable basis for innovative behavior. As the nature of entrepreneurial leadership, consists of fostering creating new ideas and solutions for situations or bottlenecks, employees are expected to behave innovatively [30]. Continuous opportunity seeking and orientation for entrepreneurship, this type of leaders support group or organization members to feel free to innovate [31]. Therefore it can be hypothesized as;

H₁: Entrepreneurial leadership has positive and significant relationship with innovative work behavior.

Entrepreneurial leaders support employees to be innovative in several ways. Among the most important ones, one approach catches scholars’ eyes. This turns out to be developing self-efficacy of employees ([30], [31]). By communicating in an effective way, predestining their innovative ideas, thus motivating employees to believe in their actual and potential capabilities, an entrepreneurial leader, can boost self-efficacy ([15], [30]). So;

H₂: Entrepreneurial leadership has positive and significant relationship with perceived self-efficacy.

Additionally, perceived self-efficacy has a critical role in innovative performance of employees. When they believe in their capabilities or try to improve

them, their self-efficacy will increase which in turn affects their innovative work behavior [29]. Therefore;

H₃: Perceived self-efficacy plays a mediating role between entrepreneurial leadership and innovative work behavior.

Based on the links above, relationships among variables are demonstrated as a research model in Figure 1.

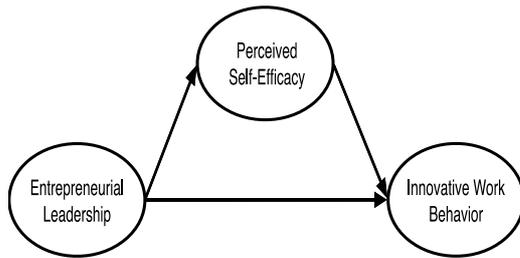


Fig. 1. Research Model

IV. METHOD

A. Sampling and Procedure

In this research, quantitative method was employed to gather data. Therefore, surveys were distributed to volunteer participants from two medium sized firms established and by the time of research led by their entrepreneurs. These two firms were running business in information and technology sector, in Ankara, Turkey. The number of the participants are 174 in which, 101 are male (%58) and 73 (%42) are female.

B. Measures

All the measures used throughout the research were originally in English. Hence they are translated into Turkish and then back to English in the scope of ‘back translation method’ [32].

Entrepreneurial leadership was assessed by employees using the Entrepreneurial Leadership Questionnaire [33]. This scale is a five-point Likert scale (1: Strongly disagree. 5: Strongly agree). And it has eight items in which a sample item is like: “He/she wants me to challenge the current ways, we do business.” This scale is reliable because Cronbach’s α is .90.

Innovative work behavior was measured by ten items [34]. A sample item is like: “I create new ideas for difficult issues.” This scale is also a five-point Likert scale (1: Strongly disagree. 5: Strongly agree). Cronbach’s α is .86.

Perceived self-efficacy was assessed by a five-point Likert scale that consists of self-reported ten items [35]. One of the items is: “I can always manage to solve difficult problems if I try hard enough.” Cronbach’s α is .80.

V. ANALYSIS AND RESULTS

Data obtained via surveys were firstly analysed by applying confirmatory factor analysis. Using AMOS 18, all the items for the variables included in the model, and as a result, proposed model fit the data strong ($\chi^2/df:1,78$; GFI: 0,91; CFI:0,93; RMSEA:0,046). At Table I, means, standard deviations, correlations and reliabilities are shown.

TABLE I
MEANS, STANDARD DEVIATIONS, CORRELATIONS,
RELIABILITIES

Variable	Mean	SD	1	2	3
1. Entrepreneurial Leadership	3.20	1.08	(.90)		
2. Innovative Work Behavior	3.52	1.21	0.37**	(.86)	
3. Perceived Self-Efficacy	3.41	1.26	0.32**	0.42*	(.80)

*:p<0.05 ** :p<0.01

As seen at Table I, Entrepreneurial leadership has positive relationships with both innovative work behavior and perceived self-efficacy. Additionally, it has been figured out that perceived self-efficacy has positive correlation with innovative behavior as expected.

To obtain the results for developed hypotheses, ‘three steps approach’ [36] was employed. Based on this approach, in the first step, it has been obtained that entrepreneurial leadership has a significant and positive effect on perceived self-efficacy, mediator variable in the model, ($\beta_{EL}=0,42$, $p<0,01$). Correspondingly, in the second stage, the result was obtained as; entrepreneurial leadership has also a significant and positive effect on innovative work behavior of employees ($\beta_{EL}=0,42$, $p<0,01$). Hence, H₁ and H₂ are supported. For the purpose of testing the mediating effect in the model, as a third step, both entrepreneurial leadership and perceived self-efficacy were included in the regression. This time it was evident that, the effect of entrepreneurial leadership on innovative work behavior decreases ($\beta_{EL}=0,28$, $p<0,01$). Therefore, here it can be inferred that, perceived self-efficacy play a partial mediator role. Thus, H₃ is partially supported. To support the attained results’ significance, Sobel Test was employed. As a result, the mediating effect of perceived self-efficacy was accepted (Z: 4,01; $p<0,01$).

CONCLUSION

This research has been aimed to fill a gap, in the literature by forming and examining the link between an outstanding leadership style that is entrepreneurial leadership and innovative work behavior. On the way

to achieve this mission, this paper also took notice of the role of perceived self-efficacy of employees. Eventually, on the basis of results attained in this paper, it can be stated that, entrepreneurial leadership has positive and moderate effect on innovative work behavior. Today's dynamic environment necessitates leaders to have an innovative and creative perspective to notice new opportunities around. They must improve their vision continuously so as to enable their organization and followers to keep up with the latest developments. This can be done through appreciating his/her followers' contributions for innovation and new ideas to gain competitive advantage over rivals. According to this paper, it has been realized when leaders generate an innovative work atmosphere and value employees' new ideas, suggestions and solutions; their innovative behavior fosters. Moreover, when entrepreneurial leadership is at work, leaders provide valuable resources to employees in the name of supporting them to increase their innovative performance which in turn enables firms to gain competitive advantage.

Another primary aim of this paper was to present the mediator role of perceived self-efficacy between entrepreneurial leadership and innovative behavior. The obtained results suggest that there is a partial mediator role of perceived self-efficacy in this relationship. So an employee's self-efficacy belief is understood to be important to exert innovative behavior in the workplace. Moreover, this designates that leaders, especially entrepreneurial leaders, have the capability of motivating employees believe in their own talents and competences. In addition to this, it has been evident in the literature that when employees don't undermine and notice their skills and talents, their performances tend to increase. Consequently, today's entrepreneurial leaders should assure that employees believe themselves and their competences, abilities and skills to complete tasks in the organization and besides, those leaders should support innovative behavior to take opportunities in their environment.

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