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INTRAPRENEURIAL CLIMATE FOR PERFORMANCE, BUT FOR EMPLOYEES? (INTERACTIVE PAPER)

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The new competitive milieu force not only start-ups, young, and small companies but also big and established organizations to focus on entrepreneurial activities (Hitt, 2000). Indeed the literature has shown the positive association between entrepreneurial orientation and financial performance (Rauch, Wiklund, Lumpkin, and Frese, 2009). However, in spite of the positive outcome on the shareholder side, we do not know much about the effects of this challenging and demanding job of creating an entrepreneurial mood in an established organization designed to administer and maintain the status quo, on employee side.

Along the internal antecedents, management support (Pinchot, 1985; Fry, 1987; Antoncic and Hisrich, 2001), tolerance for risk taking (Kanter, 1985; Hornsby, Kuratko, and Zahra, 2002), and autonomy (Lumpkin and Dess, 1996; Sundbo, 1999) have come forward as the three fundamental factors of creating an effective “intrapreneurial” mood. Specifically in this study, we aim to reveal the effects of these three factors on the affective commitment and psychological contracts of employees.

Method

371 employees of 103 SMEs operating in manufacturing industry, in an export region of Turkey, formed our sample. According to the findings of regression analyses, only autonomy had significant and positive effects on the dependent variables. In the post-hoc analysis, a latent hypothesis that “in intrapreneurial climates, autonomy extends management support and tolerance for risk taking factors to employees' psychological contract and affective commitment” was tested by structural equations modeling. Finally the overall model has obtained satisfactory fit both for the data and null model \[X^2(7) = 82.140, p < .01; CFI = .85; IFI = .86; NFI = .84; GFI = .92\].

Results and Implications

The results of empirical research are promising particularly for executives who have a willingness to create an intrapreneurial climate in their organization. While organizations are coping with volatile competition by forcing their employees to foster innovation through intrapreneurship, employees are willing to satisfy their intrinsic expectations. If employees feel that the organization has failed to keep ‘its side of the bargain’ they may respond by redefining their side of the psychological contract, and they may, invest less effort in their work, be less inclined to innovate and respond positively to changes proposed by management. Findings of the study reveal that the increased autonomy given to employees mediates the relationship between intrapreneurial factors and the employees’ psychological contract and affective commitment.

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