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The Impact of Corporate Entrepreneurship on Organizational Citizenship Behavior and Organizational Commitment: Evidence from Turkey SMEs

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Abstract

In this study we underlie the importance of corporate entrepreneurship for surviving in the new normal era. In a sample of 375 small to medium sized enterprises in the manufacturing sector, we find that CE is positively related to OCB of employees and that this relationship is mediated by affective and continuance commitment. Moreover, the study enlightens not only the practitioners but also the academicians for the future researches.

Keywords: SMEs, corporate entrepreneurship, OCB, affective commitment, continuance commitment, Turkey

1. Introduction

New era, which defines our current economic era, leads to tight resources, rapid technological change, shortened product life cycles and intense global competition (Eucher, 2011). Organizations need to change for this era. In today’s international economic climate small and medium organizations (SME) can adapt more easily to change. They are size is manageable and they can compete large organizations through specialization and new technology’s networks (Sorino, 2009). This study gives special attention to SMEs, because since the 1980s, SME concept has gained great interest from both academicians and practitioners. The interest has arisen from several factors. Firstly, SMEs are a key source of innovation

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and economic growth (Schelmelter, 2010). They are the major providers of new jobs and have positive contribution to economic growth; they make significant contribution to the economic success of nations. For example in Italy, South Korea, and China, SMEs contribute as much as 60% of total national exports. Secondly, they have crucial role enhancing productivity and competitiveness (Knight, 2000). They can fit easily than big companies changing and integrated environment. Additionally, the advantages of globalization increase the interest of SMEs. The advances in transportation and communication technologies and other facilitating factors canalize SMEs pursuing opportunities in international markets (Knight, 2000). According to OECD (2000), SMEs make up 25 to 35% of world export manufacturers, and about one-fifth of manufacturing SMEs earn 10 to 40% of their sales from cross-border activities. Small enterprises and entrepreneurship was first demonstrated by Vesper 1977 along with the International Symposium on Entrepreneurship and Enterprise Development that appeared in June 1975 (Soriano, 2009). Moreover, Schumpeter pointed out that small organizations are a vehicle for entrepreneurship. Schmelter (2010) state the highly important role of corporate entrepreneurship (CE) for small and medium sized enterprises. Because today's SMEs can perceive weakness in the traditional methods of management, SMEs required changes, innovations and improvements in the marketplace for surviving. These problems were pointed out by Kuratko's study near two decades ago. For solving these problems SMEs should identify new ways of doing business, developing new technologies and products, and entering new markets. These solutions are referred as CE by Covin and Slevin (1991). CE is the solution for remaining competitive and viable. According to Schmelter (2010) CE can be more successful SMEs rather than large companies. Large companies’ organizational structure is complex and hierarchical. This type of structure can make more difficult to manage entrepreneur business. Antoncic and Hisrich (2001) and Carrier (1994) state the beneficial role of CE in small and medium sized enterprises beside large corporations.

The present study examines the relationship between corporate entrepreneurship, organizational commitment and organizational citizenship behavior in SMEs. The purpose of this study is to investigate the influence of corporate entrepreneurship behavior on the affective and continuance commitment and organizational citizenship behavior. In addition, we examine the mediation effect of affective and continuance commitment on the relationship of corporate entrepreneurship to OCB. For this aim, firstly literature is reviewed. In the light of the literature research model is structured and the research questions of the study are investigated by related hypothesis. Figure 1 outlines that study’s basic conceptual framework specifying both full and partial mediation.

The study begins with a discussion of the theoretical foundation, followed by a description of the research methods and results. Subsequently, conclusion is provided. Finally, study limitations and future research are addressed.

2. Literature Review

2.1. Corporate Entrepreneurship

Since the beginning of the 1980s, corporate entrepreneurship has been acknowledged in academia and practice as an important element on the firms' outcomes of large, medium and small
enterprises (Antoncic, 2007) in dynamic and global economy. While CE provides organizational survival and growth in large companies, on the other hand it helps development of small companies. Corporate entrepreneurship is viewed as an important element in economic development and wealth creation. Scholars use many terms to refer corporate entrepreneurship such as; intrapreneurship, internal corporate entrepreneurship, corporate ventures, venture management, new venture and internal corporate venturing (Ferreira, 2002). In the literature there is no consensus definition of corporate entrepreneurship, there is a considerable degree of ambiguity about the CE construct (Rutherford, 2004). Corporate entrepreneurship (entrepreneurship within existing organizations) refers to a process that goes on inside an existing firm, regardless of its size, and leads new business ventures, other innovative activities and orientations such as development of new products, services, technologies, administrative techniques, strategies, and competitive postures (Antoncic, 2001; 498). According to Burgelman (1984), corporate entrepreneurship is a process of extending the firm's domain of competence and corresponding opportunity set through internally generated new resource combinations. Zahra (2000; 947), defines corporate entrepreneurship as, the sum of a company's venturing and innovation activities, can help the firm acquire new capabilities, improve its performance, enter new business and develop new revenue streams in both domestic and foreign markets. The birth of new business within existing organizations and the transformation of organizations by strategic renewal are the topic of CE (Guth and Ginsberg, 1990).

According to these definitions, CE is a multi-dimensional construct. While Saly (2001) emphasize five different dimensions (innovativeness, risk propensity, proactiveness, corporate venturing and self-renewal) of EC, Zehir (2007) emphasize four dimensions (new business venturing, innovativeness, self-renewal and proactiveness). According to Zhang (2008), CE encompasses three major components (innovation, venturing and strategic renewal). In this study we measure CE with three components (innovativeness, risk propensity and proactiveness) as Miller (1983). We choose dimensions consistent with our research model. These dimensions of CE have been used by researchers to examine the performance of SMEs (Javalgi, 2011). According to Covin and Slevin (1991) organizational entrepreneurial was reflected by innovation and strong risk-taking propensity. Specifically, innovativeness refers to firm's tendency to create new products, services or technological process and support new ideas, novelty and experimentation (Lumpkin&Dess, 1996). This dimension emphasizes creation and introduction of new products and services. Risk propensity refers to entrepreneurial activities that support taking reasonable risk taking and ability to manage risks. Risk propensity and innovation ability represent the characteristics of entrepreneurial activities in a global market (Fletcher, 2004). This dimension emphasizes entrepreneurship does not entail reckless decision making. Proactiveness refers to taking initiative by searching new opportunities in the emerging markets. The last dimensions of CE, proactiveness, emphasize top management orientation for pioneering and initiative taking.

2.2. Corporate Entrepreneurship & Affective and Continuance Commitment

Whereas much research exists focusing on the impacts of CE on financial performance (Hayton 2005, Zehir 2007) there is less research addressing the role of CE on non-financial outcomes. Lumpkin and Dess (1996) suggest the link between CE and non-financial outcomes such as commitment and
satisfaction. One of the most important concept in organizations is commitment. Organizational commitment is a major topic of researches in management since 1980s. Organizational commitment can be defined as employee's involvement in, belonging and identification with an organization intensively (Neinger, 2010). In the literature scholars point out different types of commitment. Although Meyer and Allen (1990) emphasized three types of commitment, -affective, continuance, normative, in this study we conceptualize commitment as composed of two dimensions, affective and continuance. Following Wasti's (2002) study, we focus on continuance and affective commitment. In the study, they propose that in Turkey (a collectivist culture) employees have a loyalty to their organization, and it increases the level of continuance commitment. Affective commitment is a universal component of commitment (Wasti, 2002) and it is the most studied component of organizational commitment (Rego, 2011). Wright and Bonett's (2002) and Ng (2011) focus only affective commitment in their study. They emphasize greater relevance for predicting positive organizational outcomes than normative and continuance commitment. Affective commitment represents the psychological side of organizational commitment. Affective commitment or emotional attachment was defined by Kanter (1968) as the attachment of an individual's fund of affectivity and emotion to the group. If an employee affectively committed to the organization she/he will stay the organization because of his/her own desire. But if an employee stays the organization because of he/she needs, it will be named as continuance commitment. Continuance commitment refers to perceived costs of leaving the organization (i.e. loss of economic investments and difficulties in finding new job) (Taing, 2011).

Akehurst et al (2009) suggest that highly committed individuals reveal internal entrepreneurship in organizations. This commitment prompts to employees to go above and beyond the call of duty. In their study, they confirm that commitment to the team have a direct positive effect on internal entrepreneurship. Moreover, Mullins et al. (2001) report that entrepreneurial environment come out greater organizational commitment between employees. Finally, Wood et.al (2008) show CE is positively associated to affective commitment. Therefore, the following hypotheses are offered:

H1a: There is a positive relationship between corporate entrepreneurship and affective commitment.
H1b: There is a positive relationship between corporate entrepreneurship and continuance commitment.

2.3. Corporate Entrepreneurship & OCB

OCB provide positive outcomes with specific ways, managerial and co-worker productivity can be increased, the coordination of activities among team members and workgroups can be facilitated and can be enhanced organizational ability to adapt to environmental change, can be reduced the need for an organization to devote scarce resources to simple maintenance functions (Bolino, 2002). Because of these positive outcomes scholars have a great deal of research since Organ's study to OCB. OCB has been defined as "individual behavior that is discretionary, not directly or explicitly recognized by the formal reward system, and that in the aggregate promotes the effective functioning of the organization" (Organ,1988:4). OCB is sometimes called pro-social behaviors, extra-role behaviors or contextual performance.
Several studies from a variety of occupations indicate that extra-role behavior (OCB) is related to innovative and spontaneous behaviors (Podsakoff et al., 2000) and proactive behaviors. Proactive behaviors have a critical role for work accomplishment (Chiaburu, 2007) in new normal era. In this era because of the increasing competition and unpredictable changes, employees should be more and more proactive and innovative in their work environment (Chiaburu, 2007). If organizations support new ideas and change, they may generate and express innovative ideas, and innovative climate may have a direct effect on OCB (Choi, 2007). The importance role of innovation in OCB is emphasized in the literature by several scholars (Van Dyne et al., 1994). The willingness acts of creativity and innovation is an important dimension of OCB. This dimension aims to improve one’s task or organization overall performance (Podsakoff et al., 2000). Moreover, Rutherford (2004) claimed CE scale items emphasize that CE at individual level focus on willingness to introduce and improve innovative activities. In addition to this, the relationship between OCB and entrepreneurship values has been investigated (Yener, 2009); they reveal that there is a positive relationship between entrepreneurship values and OCB. The evidence suggests that corporate entrepreneurship may be related to employee’s organizational citizenship behavior as follows:

H2: There is a positive relationship between corporate entrepreneurship and organizational citizenship behavior.

2.3. Affective and Continuance Commitment & Organizational Citizenship Behavior

In management literature scholars have examined two important concepts - commitment and OCB- commonly. Both of the concepts have an extremely role for enhancing and promoting organizational performance. Recent evidence suggests that affective commitment is significantly related to organizational citizenship behavior. Based on empirical studies (Meyer et al. 2002, Vandenberghe et al. 2004), it was proposed that the affective and normative commitment generate extra-role behavior. Employees who are emotionally attaching their firms are more likely to show extra-role behavior and be involved in their organizations. Therefore:

H3a: There is a positive relationship between affective commitment and OCB.

H3b: There is a positive relationship between continuance commitment and OCB.

H4: There is mediating effect of affective and continuance commitment the relationship between corporate entrepreneurship and OCB.

**RESEARCH MODEL**

![Conceptual Model](image-url)
3. Research Design

3.1. Sample and data collection

The study was conducted in the Marmara Region of Turkey, using self-report questionnaires; obtain from 375 employees working in SMEs. Of the participants 55% were men, 67% had at least university degree.

3.2. Measures

Corporate entrepreneurship was measured with Zahra and Calvin (1990), Knight (1997), Barringer and Bluedon (1999) eleven items of innovativeness, proactiveness and risk-taking. A five-point Likert scale ranging from (1) strongly disagree to (5) strongly agree was used.

Affective commitment was measured with six items from Meyer and Allen (1990).

Normative commitment was measured with six items from Meyer and Allen (1990).

Organizational citizenship behavior was measured with Podsakoff and MacKenzie (1990) 17 item of altruism, courtesy, conscientiousness and civic virtue.

3.4. Factor Analysis

We used SPSS software 18.00 for the evaluation of our data. Factor analysis, correlation, reliability tests, the means of the variable and regression analysis were used to analyze the relationship between variables of the research model.

Varimax rotational, exploratory factor analysis in SPSS software has been used to evaluate factor structure for the variables. We used the Cronbach’s Alpha to estimate reliability for scales. Each scale had satisfactory reliability with Cronbach's Alpha above 0.70. Table 1 provides the means, standard deviations and correlations for the variables used in the study. Reliabilities are located along the diagonal of the correlation matrix. According to correlation analysis, all variables are correlated with each other as expected. There is a medium relationship between the variables (between 0.424 and 0.700).

Table 1: Mean, Standard Deviation and Correlation Coefficients

<table>
<thead>
<tr>
<th>S.D</th>
<th>MEAN</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.Inv</td>
<td>.81190</td>
<td>3.7709</td>
<td>(.892)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.Risk</td>
<td>1.10385</td>
<td>3.1791</td>
<td>, 377(**)</td>
<td>(.815)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.AC</td>
<td>.79763</td>
<td>3.6858</td>
<td>,389(**)</td>
<td>.216(**)</td>
<td>(.833)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.CC</td>
<td>.88331</td>
<td>3.4247</td>
<td>,253(**)</td>
<td>.278(**)</td>
<td>.285(**)</td>
<td>(.774)</td>
<td></td>
</tr>
<tr>
<td>5.Alt&amp;cn</td>
<td>.57306</td>
<td>4.1351</td>
<td>,266(**)</td>
<td>.058</td>
<td>.369(**)</td>
<td>.145(**)</td>
<td>(.817)</td>
</tr>
<tr>
<td>6.Con</td>
<td>.70722</td>
<td>3.9967</td>
<td>,217(**)</td>
<td>.168(**)</td>
<td>.317(**)</td>
<td>.126(*)</td>
<td>.435(**)</td>
</tr>
</tbody>
</table>

** Correlation is significant at the 0.01 level SD = Standard Deviation () = Cronbach’s alpha

Inv: Innovativeness Risk:Risk Taking AC: Affective Commitment CC: Continuance Commitment Alt&Cnt: Alturism-Courtesy Con: Conscientiousness
3.5. Analysis

In order to find the factor structure of corporate entrepreneurship scale, affective and continuance commitment scale and organizational citizenship behavior scale factor analysis using principal components solution with varimax rotation was used. Any item with a factor loading less than .50 was discarded from the analysis. Factors with Eigenvalues 1.00 or more were taken in total variance explained. Kaiser-Meyer-Olkin (KMO) value was found as .863 which is above the accepted value .70 and Barlett Test .000 showed that the variables were suitable for factor analysis.

Regression analysis was used to test four hypotheses. The analysis involved three steps that included several regression models. In step one corporate entrepreneurship were regressed on affective and continuance commitment. Step two involved doing a similar set of regressions, but adding organizational citizenship behavior as a dependent variable. In step three, the mediating effect was investigated by hierarchical regression.

In order to test the first hypothesis stating that “There is a positive relationship between corporate entrepreneurship and affective and continuance commitment” regression analysis is performed. The results of the regression analysis showed that there is a significant effect of innovativeness on affective commitment (beta= .358 Sig=000). First hypothesis is partially supported. There is no significant effect of risk taking on affective commitment. The results of the regression analysis showed that there is a significant effect of innovativeness and risk taking on continuance commitment (beta= .172 Sig= .001; beta= .213 Sig= .000). For testing the second hypothesis that “There is a positive relationship between corporate entrepreneurship and organizational citizenship behavior” regression analysis is done. According to regression findings, there is a significant effect of innovativeness on the dimensions of OCB, alturism-courtesy and conscientiousness (beta= .284 Sig= .000, beta= .180 Sig= .001). According to these results second hypothesis is partially supported. Moreover, when the relationship between commitment and OCB, there is a significant effect of affective commitment on the dimensions of OCB, alturism-courtesy and conscientiousness (beta= .180 Sig= .001, beta= .356 Sig= .000). With the help of hierarchical regression analysis, we estimated the mediating effect of affective and continuance commitment on OCB. In this study affective commitment is partial mediator in this relationship. So our last hypothesis is partially supported.

Table 2: Regression Analysis Results

<table>
<thead>
<tr>
<th>Independent Variables</th>
<th>Dependent Variables</th>
<th>Mediator Variables</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inv</td>
<td>OCB1</td>
<td>AC</td>
</tr>
<tr>
<td>Risk</td>
<td>OCB2</td>
<td>CC</td>
</tr>
<tr>
<td>INV</td>
<td>.284**</td>
<td>F=14,554</td>
</tr>
<tr>
<td></td>
<td>DW=1,586</td>
<td>R²:.073</td>
</tr>
<tr>
<td></td>
<td>.180**</td>
<td>F=10,936</td>
</tr>
<tr>
<td></td>
<td>DW=1,837</td>
<td>R²:.056</td>
</tr>
<tr>
<td></td>
<td>.358**</td>
<td>F=34,532</td>
</tr>
<tr>
<td></td>
<td>DW=1,583</td>
<td>R²:.154</td>
</tr>
<tr>
<td>Risk</td>
<td>.100</td>
<td>.081</td>
</tr>
<tr>
<td>AC</td>
<td>OCB2</td>
<td>.172**</td>
</tr>
<tr>
<td>INV</td>
<td>.356**</td>
<td>F=29,708</td>
</tr>
<tr>
<td></td>
<td>DW=1,623</td>
<td>R²:.138</td>
</tr>
<tr>
<td></td>
<td>.306**</td>
<td>F=21,028</td>
</tr>
<tr>
<td></td>
<td>DW=1,918</td>
<td>R²:.097</td>
</tr>
<tr>
<td></td>
<td>.039</td>
<td>F=21,268</td>
</tr>
<tr>
<td></td>
<td>DW=1,693</td>
<td>R²:.103</td>
</tr>
</tbody>
</table>

Inv: Innovativeness Risk: Risk Taking AC: Affective Commitment CC: Continuance Commitment OCB1: Alturism-Courtesy OCB2: Conscientiousness

Table 3: Regression Analysis Results with Affective Commitment as a mediating variable

<table>
<thead>
<tr>
<th>Dependent variable: organizational citizenship behavior factor 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
</tr>
<tr>
<td>--------</td>
</tr>
<tr>
<td>1</td>
</tr>
<tr>
<td>2</td>
</tr>
</tbody>
</table>

Independent variables

Corporate Entrepreneurship model 1
Affective and continuance commitment model 2

Table 4: Regression Analysis Results with Continuance Commitment as a mediating variable

<table>
<thead>
<tr>
<th>Model</th>
<th>Adjusted R²</th>
<th>R² change</th>
<th>F</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.056</td>
<td>.062</td>
<td>10,936</td>
<td>.000</td>
</tr>
<tr>
<td>2</td>
<td>.118</td>
<td>12,257</td>
<td>.000</td>
<td></td>
</tr>
</tbody>
</table>

Independent variables

Corporate Entrepreneurship model 1
Affective and continuance commitment model 2

4. Conclusion and Discussion

The aim of this study is to enlighten the role of corporate entrepreneurship for providing non-financial outcomes in SMEs in the new normal era. Although there has been interest on how CE affects business performance, financial performance (Zehir, 2007), there is surprisingly little work on enhancing non-financial performance outcomes. This study finds that creating an entrepreneurial orientation may have additional benefits such as stronger commitment and OCB. This suggests that the organizations should focus on innovativeness in achieving non-financial performance outcomes in SME.

Wood et al. (2008) indicates that CE is positively related to affective commitment. The present findings are consistent with this research. The results of the current study indicate innovativeness is positively related to affective and continuance commitment. Additionally, the other dimension of CE -risk taking- is positively related to continuance commitment.

Regression analyses held in order to test the effect of innovativeness and risk taking revealed a significant relationship. The findings of the current study are consistent with Yener (2009) who found positive relationship between entrepreneurship with OCB.

As predicted, the association between the affective commitment and OCB is significant. The findings of the current study support the previous researches which have addressed the positive relationship between commitment and OCB (Organ and Ryan, 1995; Meyer et al., 2002).

5. Limitations And Future Research

This study has limitations, but they provide new ideas for further research. First, we employed the construct of CE with three dimensions. Further research might add different dimensions such as corporate venturing and self-renewal.

Secondly, this study only focused on the link between CE and commitment and OCB. Future research should include non-financial outcomes such as employee satisfaction, creativity and turnover intention.

Lastly, the study was conducted in Turkey SME. Future research should focus on exploring this topic in different national cultures and across different types of organizations.
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