



# Employee intrapreneurship and work engagement: A latent change score approach

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## ABSTRACT

Although ample evidence has shown that intrapreneurial activities of an employee (i.e. employee intrapreneurship) positively impact organizational outcomes, research on how these activities affect employee outcomes is scarce. Based on Job Demands-Resources theory, we hypothesized that employee intrapreneurship builds personal resources over time, which in turn, fosters work engagement. We conducted a two-wave study with a three-month time interval among a sample of public servants ( $N = 351$ ). Results of a latent change score analysis showed that employee intrapreneurship predicted a positive change in employees' personal resources over time, and personal resources predicted higher and more stable experiences of work engagement during the study period. Moreover, we found evidence for a positive gain cycle of employee intrapreneurial behavior, personal resources, and work engagement. The practical implication of our findings is that intervening to increase either one of these constructs can be expected to lead to mutual gains in the others.

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## 1. Introduction

For organizations to successfully adapt and proactively act upon environmental opportunities, executives and scholars have recognized the importance of the entrepreneurial activities of individual employees (Ireland, Hitt, & Sirmon, 2003; Miles, Snow, Fjeldstad, Miles, & Lettl, 2010; Morris, Webb, & Franklin, 2011). Consequently, the concept of intrapreneurship, also referred to as corporate entrepreneurship, has received increased attention as it centers on the activities of employees to expand and rejuvenate the organization to adequately adapt to external and internal developments (e.g., Hornsby, Kuratko, Shepherd, & Bott, 2009; Krauss, Frese, Friedrich, & Unger, 2005; Marvel, Griffin, Hebda, & Vojak, 2007).

Although a body of research has been published on how employees' entrepreneurial behavior for their organization relates to beneficial organizational outcomes, such as innovativeness (Bierwerth, Schwens, Isidor, & Kabst, 2015), firm growth (Antoncic, 2007), and overall performance (Bierwerth et al., 2015; Rauch, Wiklund, Lumpkin, & Frese, 2009), the literature on its effect on employees has received less scrutiny. Yet, process-oriented research that focuses on the consequences of employee intrapreneurial behaviors for the individual employee has been acknowledged as necessary to further advance the field of intrapreneurship

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(Belousova & Gailly, 2013; Dess et al., 2003). This study will address this void by examining the longitudinal, cyclical relationship between the intrapreneurial behavior of an individual employee (a phenomenon we coin *employee intrapreneurship* to avoid semantic confusion with the firm level concept of intrapreneurship), personal resources (i.e., optimism, resilience, and self-efficacy), and work engagement.

This study will contribute to the organizational behavior and intrapreneurship literature in at least three ways. First, by conducting a two-wave cross-lagged panel study, we will contribute to the intrapreneurship literature by shedding light on how employee intrapreneurship may affect personal resources and work engagement over time. Second, because we utilize both an inter-individual (between-person) and an intra-individual (within-person) perspective, we will provide insights on how frequency of employee intrapreneurial behavior impacts the magnitude of change in levels of personal resources and employee work engagement over time, thus increasing our understanding of how resources and work engagement develop and fluctuate over time. Research on typical fluctuation patterns of different types of resources is scarce and a necessary prerequisite to further increase our understanding of dynamic processes that occur at work (Salanova, Schaufeli, Xanthopoulou, & Bakker, 2010). Third, we draw upon the Job Demands-Resources theory (JD-R; Bakker & Demerouti, 2014; Bakker, Demerouti, & Sanz-Vergel, 2014) to develop a theoretical framework that enables us to explain how employees can optimize and sustain a positive work life (i.e. staying engaged in their work) through employee intrapreneurship. This is the first study incorporating employee intrapreneurship in the JD-R theory. This theoretical framework can be used by future scholars who aim to disentangle intrapreneurship at the individual level in more detail, and, when combined with existing frameworks at the organizational level (Hornsby, Kuratko, Holt, & Wales, 2013), provide a basis for multi-level research.

## 2. Theoretical background

### 2.1. The concept of employee intrapreneurship

Because of its beneficial effects for organizational performance, employee intrapreneurship has been an important research topic for scholars and practitioners since the beginning of the 1980s (e.g., Burgelman, 1983; Pinchot, 1985). Through employee intrapreneurship, employees are able to contribute to two important organizational outcomes, namely new venture creation and strategic renewal (Guth & Ginsberg, 1990; Morris, Kuratko, & Covin, 2011). Venture creation refers to the creation of new businesses (e.g., products) and integrating them into the overall business portfolio of an organization (Narayanan, Yang, & Zahra, 2009). Strategic renewal embodies corporate activities that enhance an organization's ability to compete and take risks to adequately react to internal advancements and market developments. Subsequently, strategic renewal refers to organizational change through renewal of the organizational structure, a shift in allocation of resources, and the renewal of services, products and/or administrative processes (Ireland et al., 2003).

In contrast to intrapreneurship at the firm level, a concise definition of intrapreneurship at the employee level (i.e., employee intrapreneurship) is currently lacking. In the literature to date, scholars mostly define employee intrapreneurship as employee activities characterized by showing initiative, taking risks, and coming up with novel ideas (Bolton & Lane, 2012; De Jong, Parker, Wennekens, & Wu, 2013). Although such a conceptualization captures the behavioral characteristics of intrapreneurial behavior, it is too broad to clearly distinguish employee intrapreneurship from other types of proactive work behaviors and strategic proactive behaviors (cf. Parker & Collins, 2010). Consequently, we argue that a more fine grained conceptualization is necessary for our research aim, namely disentangling the specific effect of employee intrapreneurship on employee wellbeing.

Drawing from the entrepreneurial behavior literature (e.g., De Jong et al., 2013) and the intrapreneurship literature on the firm level (Guth & Ginsberg, 1990; Morris, Kuratko et al., 2011), we conceptualize employee intrapreneurship as an individual employee's agentic and anticipatory behaviors aimed at creating new businesses for the organization (i.e., venture behavior) and enhancing an organization's ability to react to internal and external advancements (i.e., strategic renewal behavior). This conceptualization is firmly anchored in the intrapreneurship literature on the business level and distinguishes employee intrapreneurship from other proactive work behaviors that share the behavioral characteristics of showing initiative, taking risks, and introducing novel ideas. For instance, employee intrapreneurship differs from organizational citizenship behavior (i.e., a type of extra-role work behavior promoting effective functioning of the organization; Organ, 1988) in its specific focus on new venture creation and strategic renewal. In addition, it differs from job crafting (i.e., self-initiated behaviors of employees to make actual changes in their level of job demands or job resources; Tims, Bakker, & Derks, 2012), because employee intrapreneurship refers to behavior that is both aimed at changing the internal environment of the organization as well as changing an organization's fit with the external environment.

### 2.2. The dynamic relationship between work behavior, resources, and work engagement

To investigate how employee intrapreneurship affects employees, it is necessary to conceptualize the interrelatedness between "what happens at work" and how this relates to employees' experiences at work. One theory that captures this interrelatedness is the Job Demands-Resources (JD-R) theory (Bakker & Demerouti, 2014). This novel theory integrates several job stress and motivational approaches, and outlines how employee well-being and performance are influenced by job characteristics (job demands and resources), personal resources, as well as proactive employee behaviors (e.g., job crafting). In short, JD-R theory proposes that employees thrive in organizational contexts that are characterized by high job demands (i.e., challenges) combined with high job or personal resources. When employees have sufficient resources available at work, they are able to cope well with the challenges they encounter at work and reach personal and organizational goals, which fosters work engagement and increased performance.

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