



Interactive effects of multiple organizational climates on employee innovative behavior in entrepreneurial firms: A cross-level investigation



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ABSTRACT

Given that organizations need to manage complex situations, multiple organizational climates can coexist and these climates can jointly influence employee behaviors. However, the mechanisms through which the latter relationships operate are poorly understood. We take a multi-level approach to examine the mechanisms that link organizational innovative climate and employee innovative behavior, and the moderating effects of organizational proactive and risk-taking climates on these relationships. Using multisource data from 105 managers and 39 CEOs, we found that innovative climate was positively related to employee innovative behavior indirectly through employee passion for inventing. In addition, the relationship between innovative climate and passion for inventing became stronger as proactive climate increased, and the relationship between passion for inventing and employee innovative behavior became stronger as risk-taking climate increased. Our study contributes to entrepreneurial research by highlighting the interactive effects of multiple organizational climates on employee innovative behavior.

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1. Executive summary

We examine how multiple organizational climates jointly influence employee innovative behavior. As organizational climate scholars have suggested, multiple organizational climates can coexist within one organization, and organizational climates can play important roles in changing and intensifying individual attitudes and behaviors. Thus, research on the combinative effects of multiple organizational climates could have meaningful implications for employee innovative behavior, especially for entrepreneurial organizations, where innovation is critical for firms' survival and success. In this study, based on Miller's (1983) three types of entrepreneurial firms, we examine how proactive, risk-taking and innovative climates interact with one another to influence individual level innovative behavior.

Using multisource data from 105 managers and 39 CEOs and multilevel analyses, we found that organizational innovative climate was positively related to employee innovative behavior indirectly through employee passion for inventing. In addition, the multi-dimensions of entrepreneurial climates interactively influenced employee innovative behavior: when proactive climate

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increased, the positive relationship between innovative climate and passion for inventing became stronger; when risk-taking climate increased, the positive relationship between passion for inventing and innovative behavior became stronger; and the indirect effect of innovative climate on employee innovative behavior via passion for inventing was the strongest when proactive and risk-taking climates were both high.

Our study contributes to the literature on organizational climate and entrepreneurship in three important ways. First, our study unpacks the underlying mechanism to link organizational innovative climate and employee innovative behavior by demonstrating the mediating effects of passion for inventing on the latter relationship. Second, we theorize and test how multiple organizational climates in entrepreneurial firms uniquely and interactively affect passion for inventing and employee innovative behavior. With a concrete understanding of the interactive roles among organizational climates and their practical implications, leaders of entrepreneurial organizations can alter their organization's climate(s) to achieve outcomes of interest. In addition, our study contributes to the literature on passion for inventing by showing that organizational innovative and proactive climates jointly promote employees' passion for inventing.

2. Introduction

Organizational climate is conceptualized as the collectively shared perceptions among employees about organizational attributes in a given work environment (Ehrhart et al., 2013). Organizational attributes, such as procedures, practices, and rewarded behaviors, can be collectively perceived by the people who work in the organization and form climates that serve as influential sense-making devices (Al-Shammari, 1992; Schneider et al., 2013; Thumin and Thumin, 2011; Zohar and Hofmann, 2012). Given that organizations often need to manage a high level of complexity, there may be a wide array of procedures, practices, and rewarded behaviors within one organization. Indeed, several scholars (e.g., MacCormick and Parker, 2010; Reichers and Schneider, 1990; Vidaver-Cohen, 1995) have suggested that multiple organizational climates can coexist within one organization, and as such employees may experience various organizational climates simultaneously. In addition, organizational climates can play important roles in changing and intensifying individual attitudes and behaviors (Ehrhart et al., 2013; Probst, 2015; Schneider, 1990; Tangirala and Ramanujam, 2008). Thus, research on the combinative effects of multiple organizational climates could have meaningful implications for organizational effectiveness. Despite its importance and calls from prior research (e.g. Carr et al., 2003; Kuenzi and Schminke, 2009; Schneider et al., 2013), however, the effects of various organizational climates on individual-level employee outcomes have been surprisingly under-researched (see MacCormick and Parker, 2010).

The dearth of research on this subject is particularly evident for entrepreneurial organizations, where innovation is critical for firms' survival and success (Kang et al., 2015). Although plenty of organizational climate research has been conducted in large and mature organizations (e.g. Jung et al., 2003; Scott and Bruce, 1994), the lack of climate research in small, entrepreneurial firms is quite evident, with the little existing literature considered underdeveloped (Hornsby et al., 2002; Michaelis et al., 2010). This is unfortunate as several organizational climates discussed in the literature appear particularly relevant to entrepreneurial firms due to their substantial implications for individual innovative behavior (Kang et al., 2015). In this study, we aim to broaden the avenue for organizational climate studies in the entrepreneurship domain. In doing so, the present study extends current climate literature in several important ways.

First, given the established relationship between innovative climate and employee innovative behavior (Jung et al., 2003; Kang et al., 2015; Scott and Bruce, 1994), examining the mediating process by which innovative climate exerts its influence should enhance our understanding of this relationship (cf. MacKinnon, 2008; MacKinnon, 2011). Also, examining how a firm's innovative climate translates into employee innovative behavior is important for the development of the organizational climate literature (Ashforth, 1985; Scott and Bruce, 1994). In this study, we propose that passion for inventing, or intense and positive feelings experienced by creating new products or services (Cardon et al., 2009), is key to understanding the linkage between firms' innovative climate and employee innovative behavior. Since employee innovative behavior involves doing something extremely novel and useful (Janssen, 2000), and often beyond typical role requirements, it requires a strong stimulator such as intense, positive feelings about inventing something new (Cardon et al., 2012). In addition, innovative climate likely affects employees' emotional state towards current tasks because organizational climates, as a collective perception among organizational members (Van der Veegt et al., 2005), can elicit affective responses from employees (Aarons and Sawitzky, 2006). Thus, we aim to examine passion for inventing as a mechanism that underpins innovative climate's demonstrated influence on employee innovative behavior.

Second, and perhaps more importantly, we propose that various organizational climates in entrepreneurial firms uniquely and interactively affect passion for inventing and employee innovative behavior. As noted, organizational climate research in the entrepreneurship literature is extremely underdeveloped (Hornsby et al., 2002; Michaelis et al., 2010; Sebora and Theerapatvong, 2010). We still do not know how various organizational climates in entrepreneurial firms play their role in the nascent of employee innovative behavior, and this understanding would be both theoretically meaningful and practically valuable (cf. McKay et al., 2011; Zohar and Hofmann, 2012). Indeed, some scholars (e.g., Anderson and West, 1998; McKay et al., 2011) have stressed the importance of investigating how innovative climate interacts with other types of climates to affect employee outcomes given that some climates may complement while others may weaken the relationship between innovative climate and these outcomes. As such, we examine the joint effects of two different organizational-level climates (i.e., innovative and proactive climate) on passion for inventing in this study. We also investigate how

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