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The Impact of Innovation Climate & Job Satisfaction on Corporate Entrepreneurship

Muhammad Farrukh Segi University, Malaysia Shahid Iqbal Ripah International University, Islamabad, Pakistan Tanzila and Ikram Khan GC University, Faisalabad, Sahiwal Campus, Pakistan

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Abstract

This study verified corporate entrepreneurship, innovation climate and Job satisfaction (person-job fit, Salary Benefit) as the research framework. Through a literature review, we examined causal relationship among these variables. The climate for innovation is demonstrated by team unity, administrative encouragement, resources, independence, as well as openness to innovation. Recent studies have showed a lack of research in conventional mechanized firms on innovative climate. The relationship model was examined with regression analysis, and all hypotheses established support. This result implied that climate for the innovation enhanced corporate entrepreneurship.

1. INTRODUCTION

Growing consideration is being given to innovation as a factor of achievement for ongoing competitive advantage of corporate entrepreneurship. Innovation, which is symbol of making something novel, has been considered for many years (Zaltman *et al.*, 1973). In this research paper, we examined dissimilar aspects of the job satisfaction (person-job fit and salary benefit) and how these affect corporate entrepreneurship intentions (Lee *et al.*, 2011).

Name: Muhammad Farrukh

Entrepreneurship, or entrepreneurship within existing organizations, has generated considerable research over the past few decades. Most of the researches have focused on examine how corporate entrepreneurial organizations differ from the other type of organization (Kreiser et al., 2002). The essence of entrepreneurship or corporate entrepreneurship is innovation, through early effort by Miller and Frisen (1982) in contention that entrepreneurial organizations were differentiated by their concrete intention to innovate by taking risk in the process.

Job satisfaction is the point where any employee gets pleasure from his or her work (Price & Mueller, 1981). Job satisfaction has already been taken as a measure to know the

Corresponding author's

Email address: mfarrukhiqbal@hotmail.com

welfare of the employee and also been connected with employee output as well as security (Harter *et al.*, 2002). Previously as there are many research studies which have been done on job satisfaction but dissimilar aspects of the job satisfaction (person-job fit and salary benefit) and how these affect corporate entrepreneurial intentions (Lee *et al.*, 2011) is need to be examined.

Studies have recognized that satisfaction the job foresee entrepreneurial from intentions (Brockhaus, 1980; Eisenhauer, 1995; Watson et al., 1998). The majority literature on job satisfaction hypothesizes that it is organizational climate which decides satisfaction from the job (Agho et al., 1993; Welsch & LaVan, 1981). A helpful organizational climate is time and again represented by commitment of the management, strong administrative, peer support and opportunities for the innovation (Niehoff et al., 1990; Yuki, 1989). The findings from research show that good support from superior as well as peers eases the job pressure and burnout of the employees, which eventually increases job satisfaction. This type of support may perhaps predominately critical in duties where outputs are tentative, such as working environments are innovative (Niehoff et al., 1990; Yuki, 1989). Consequently, during situation of individuals who succeed in his person-job fit and the climate of the organization is supportive for innovation be supposed to high job satisfaction levels. The aim of this whole research to examine the impact of corporate entrepreneurship on innovation climate and job satisfaction (person-jot fit and salary benefit). Moreover, the aim is not only to add to the increasing body of literature in this area, but also to strengthen theories that were presented by previous researchers. As such, this study in particular seeks to investigate if a significant relationship exists between job satisfaction and its other dimensions with corporate entrepreneurship.

2. LITERATURE REVIEW

2.1 Corporate entrepreneurship

One of the broadest and most widely accepted definitions of entrepreneurship is

"entrepreneurship within an existing organization" (Antoncic & Hisrich, 2001).

Corporate entrepreneurship has been used differently by scholars like; corporate ventures, venture management, internal corporate entrepreneurship and entrepreneurship. According to Zahra et al. (2000) corporate entrepreneurship is the combination of all innovation and venturing activities, which help any organization to capabilities improve acquire to its performance as well as develop new business for the both domestic and international market. (Guth & Ginsberg, 1990) also defines corporate entrepreneurship as beginning of novel business inside existing organizations as well as the restructuring of organizations through premeditated renewal.

According to above all definitions, we may say corporate entrepreneurship is a multidimensional construct. Covin and Slevin (1991) corporate entrepreneurship was reproduced by strong risk-taking propensity Particularly. and innovation. it is innovativeness which refers to organization's propensity to create new products, technological process as well as support to the new ideas, newness and experimentation (Lumpkin & Dess, 1996). This dimension highlights creation as well as introduction of new products.

2.2 Innovation climate

According to West and Farr (1989), innovativeness is a quality which is shared by majority or all professional as well as managerial personnel, and that, specified the suitable facilitating environments, innovativeness of any individual is possibly endorsed the environment for the work. Hence, it is very important to get an idea to create such facilitating environment that further increase innovation as well as creativity between employees.

One of the ways to foster growth in a large or small business is to give employees choice to begin and implement innovation within the organization (Amo & Kolvereid, 2005). Intrapreneurs are the employees who turn ideas into realities in an organization Pinchot and Pellman (1999). According to

Kuratko al. et (1990)corporate entrepreneurship is an independent tactical behavior by the employees to take advantage specified business opportunity. of Entrepreneurship and corporate entrepreneurship can be used as a method to stimulate innovation and utilize the creative employees. energy of Nonetheless. according to Hornsby et al. (2002), still there is a great deal to be learned regarding substance and development of entrepreneurship.

Organizational climate is one element of the work environment. Studies found that a supportive work climate can promote innovation (Tidd & Bessant, 2009). According to Amabile *et al.* (1996) work environment awareness can influence the degree of creativity as well as innovation within the organization. On the basis of such evidence corporate entrepreneurship is related to innovation climate as follows.

H1: There is a positive relationship between corporate entrepreneurship and innovation climate.

2.3 Job satisfaction

The level at which an employee experience positively or negatively concerning his or her work is called job satisfaction. Moorman *et al.* (1993) defines there are three realistic points of views that demonstrate the significance of job satisfaction: First, precious product of the society; second, is before time employees' feeling against an organization and third, job satisfaction works as an organization behavior predictor.

Whereas organization factors, like innovation climate and good motivation to the employees should affect their job satisfaction, previous studies give little evidence on which possibly individuals are affected by these organizational factors. To connect both organization factors as well as individual factors we use P-E fit theory. Specially. we introduce innovation orientation which is very essential in terms of individual desire for innovation. Empirical proof in the P-E fit area proposes that employees which exposed to the similar organizational environment may perhaps not develop same job satisfaction levels (Cable & Edwards, 2004; Kristof-Brown et al., 2005).

As an alternate, job satisfaction outcome from the similarity among organizational characteristics as well as needs of the individual (Cable & Edwards, 2004; Kristof-Brown *et al.*, 2005). According to Yasir & Fawad (2009) in their study clarified that satisfaction from the pay of the job produced positive effect on the satisfaction from the job and workers who are not satisfied with senior management are relatively extra responsive to their pay in taking decision that whether they are pleased from their job.

Additionally we can say that when employees who are satisfied from their jobs, salary benefit is good and person-job fit fully achieved then they will be more innovative and creative which increases corporate entrepreneurship. On the basis of above researches we can may relate job satisfaction with other dimensions as follows:

H2a: There is a positive relationship between corporate entrepreneurship and job satisfaction.

H2b: There is positive relationship between corporate entrepreneurship and salary benefit.

H2c: There is a positive relationship between corporate entrepreneurship and person-job fit.

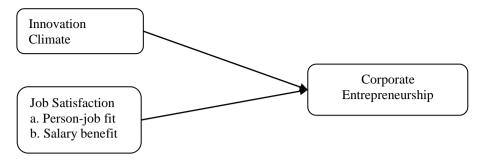


Figure 1: Research framework of the study

3. METHODOLOGY

3.1 Questionnaire

Data was collected using self-administered questionnaire through convenience sampling in order to get representative sample of the population. Total 200 questionnaires were distributed out of which 165 were received back, making the response rate of 82%.

The questionnaire was consisted of three parts: The first part was introduction and explained purpose of the research. In the second part, five questions were considered to produce the respondent's demographic data, such as gender, age, designation, organization and qualification. The third part included 20 statements to collect data entrepreneurship regarding corporate influence on innovation climate and job satisfaction. The questionnaire statements were developed from an extensive review of the literature. The scale for corporate entrepreneurship was adapted from the scale developed by Oosthuizen (2006). The innovation climate scale items were used from the scale developed by Scott and Bruce's (1994). The job satisfaction & PJF scale items were used from the scale developed by Dubinsky and Harley (1986) & Saks and Ashforth (1997) respectively. The respondents were asked to specify their level of agreement to the statements.

The questionnaire was based on questionnaire used by Oosthuizen (2006) for measuring influence of corporate entrepreneurship on innovation climate and job satisfaction. The reason for selecting this questionnaire is that it was used to study the impact of same variables as in present study and was well tested on reliability and validity scales. Questionnaires that was administered consisted other variables innovation climate (5 items), job satisfaction (3 items) and its two dimensions salary benefit (3 items) & person-job fit (4 items) respectively.

The questionnaire was well tested by researchers on internal consistency and other measures. According to Oosthuizen (2006) the coefficient alpha for corporate entrepreneurship is 0.70. Similarly, the coefficient alphas for job satisfaction Dubinsky and Harley (1986) is 0.89, salary benefit Nunnally (1967) is 0.75 and person-job fit Saks and Ashforth (1997) is 0.86 respectively which is acceptable.

3.2 Measures

Table 1 presents the wordings and scale points of the key variables. Unless otherwise indicated, all the constructs used a 5-point Likert scale response that ranged from strongly disagree (1) to strongly agree (5). A summary of the measures used is outlined below.

3.3 Corporate entrepreneurship

Corporate Entrepreneurship was measured with a 5-item scale; Examples of items used are "In our organization, developing ideas for the improvement of the company is encouraged by management" and "Top management is aware of and receptive to my ideas and suggestions". The scale was reliable ($\alpha = 0.776$). Existing studies have considered Cronbach's alpha values of 0.70 and above to be reliable.

3.4 Innovation climate

We used a 5-items scale to measure innovation climate. Examples of items used

are "My supervisor rarely solicits ideas from me to solve technical problems," (reversecoded) and "Based on their experience, my peers often suggest new approaches to solving technical problems." The scale was reliable ($\alpha = 0.643$) and all five items loaded on a single factor. Our measure for *innovation climate* related significantly to Scott and Bruce's (1994) "organizational support for innovation" scale (r = 0.72; p < 0.01).

3.5 Job satisfaction

Three items scale to measure job satisfaction ($\alpha = 0.741$). Examples of items "Generally speaking, I am very satisfied with my job," and "I am satisfied with the kind of work I do in this job". As existing studies have considered Cronbach's alpha values of 0.70 and above to be reliable.

Salary benefit

We used three items scale to measure salary benefit ($\alpha = 0.744$). Examples of items "I feel I am being paid a fair amount for the work I do", and "I feel satisfied with my chances for salary increases".

Person-job fit

We used four items scale to measure personjob fit ($\alpha = 0.848$). Examples of items "The job is a good match for you," and "The job

Table1: Relationship between IC, JC and CE

would enable you to do the kind of work you want to do".

4. RESULTS

4.1 Correlation

Correlation table indicates that corporate entrepreneurship is positively and significantly correlated with (.526**) innovation climate and highly significant with p-value of 0.000(p<0.01). As the level of innovation climate increases the employee approach towards the corporate entrepreneurship also increases, which shows that there is positive relationship between innovation climate and corporate entrepreneurship which supports our hypothesis H1. That is in accordance with our developed hypothesis H1.

On the other hand, Job Satisfaction is also positively and significantly correlated with (.624**) corporate entrepreneurship with the p-value of 0.002 (p<0.05). As the level of job satisfaction increases the employee towards corporate approach entrepreneurship also increases, which shows that there is positive relationship between job satisfaction and corporate entrepreneurship which supports our hypothesis H2a that job satisfaction will positively affect corporate entrepreneurship.

Correlations									
		CE	IC	JS	SLB	PJF			
CE	corporate entrepreneurship	-0.765							
IC	Innovation climate	0.526^{**}	-0.643						
JS	Job satisfaction	0.624^{**}	0.464^{**}	-0.741					
SLB	Salary benefit	0.455^{**}	0.350^{**}	0.568^{**}	-0.744				
PJF	Person-job fit	0.637**	0.477^{**}	0.715**	0.538**	-0.848			

**. Correlation is significant at the 0.01 level (2-tailed). The alpha reliabilities are given in parentheses

Whereas, salary benefit does not correlate with (0.455) corporate entrepreneurship with the p-value of 0.389 (p>0.01), which does not support our hypothesis H2c that salary benefit will positively affect corporate entrepreneurship. Furthermore, person-job fit is positively and significantly correlated with (0.637**) corporate entrepreneurship with the p-value of 0.000 (p<0.01). As the level of person-job fit increases the employee approach towards the corporate entrepreneurship also increases, which shows that there is positive relationship between person-job fit and corporate entrepreneurship which supports our hypothesis H2c that person-job fit will positively affect corporate entrepreneurship.

4.2 Regression analysis

Regression analysis was used to check the impact of innovation climate and job satisfaction with its other dimensions (salary benefit, person-job fit) on corporate entrepreneurship. Results indicated that innovation climate has significant impact on corporate entrepreneurship. Similarly, job satisfaction with its other dimension per-job fit also has significant impact on corporate entrepreneurship. Whereas salary benefit did not show any impact on the dependent variable.

CU	efficients					
Model		Unstandardized coefficients		Standardized coefficients	+	Sig.
		В	Std. Error	Beta	t SI	Sig.
	(Constant)	-0.197	0.306		-0.642	0.522
	IC	0.263	0.071	0.239	3.712	0.000
1	JS	0.353	0.114	0.262	3.099	0.002
	SLB	0.053	0.061	0.06	0.865	0.389
	PJF	0.337	0.093	0.303	3.64	0.000

 Table 2: Influence of innovation climate, job satisfaction on corporate entrepreneurship

 Coefficients^a

N=200, R²=.510, adjusted R²=.497, significance=.000

Table 2 represents the result of regression on Corporate Entrepreneurship. Collectively all independent variables explained 51.0 % variation in the Corporate Entrepreneurship. In step one we entered all independent variables. The Results depict that innovation climate has positive impact on corporate entrepreneurship with beta value 0.239 and p-value 0.000 and the results are highly significant at 1% level of significance which means that one unit increase in the innovation climate level is increase 0.239 units. Similarly, Job Satisfaction also depicted significant positive impact on the corporate entrepreneurship with beta value 0.262 and p-value of 0.002 and the results are highly significant at 5% level of significance which means one unit increase in the job satisfaction the level of corporate entrepreneurship is increase by 0.262 units that results supports hypothesis (H2a). Salary benefit depicted insignificant impact on the corporate entrepreneurship with beta value 0.060 and p-value 0.389 the results does not support our hypothesis (H2b).

Furthermore, Person-Job Fit also depicted significant positive impact on the corporate entrepreneurship with beta value 0.303 and p-value of 0.000 and the results are highly significant at 1% level of significance which means that one unit increase in the person-job fit level of corporate entrepreneurship also increases by 0.303 the results support hypothesis (H2c).

5. DISCUSSION

The results of this study indicate relationships among some individual and organizational dynamics which is contributing to the corporate entrepreneurship. Regular with the innovative organizational climate we establish support for arguments. Hypotheses H1; that is, innovation climate, show the relationship with corporate entrepreneurship. Specifically, the higher the employee's innovative environment, there is effects for corporate positive entrepreneurship.

The support we found for Hypotheses H2a and H2c suggests that the effects of high job satisfaction and person-job fit and organizational conditions are indirectly linked to corporate entrepreneurship. Such findings align with the desirability arguments in the corporate entrepreneurial intentions literature that intra- and extrapersonal factors interact to influence the personal attractiveness (i.e., the level of job satisfaction in this paper).

Our findings do not supporting Hypothesis H2b and indicate that salary benefit does not relate to corporate entrepreneurship. This clearly indicates that those employees which have entrepreneurial skills do not bother about their salary in a way we could say it is positively relate with corporate entrepreneurship.

5.1 Managerial implications

This study has some managerial implications like structural Indications are that a structural suppleness needs to be nurtured by organizations, as it could make easy intrapreneurial thoughts and activities (Barrett & Weinstein, 1998; Nijhof *et al.*, 2002).

The current study clearly indicates that climate for innovation within organization employees behavior towards increases corporate entrepreneurship which ultimately leads newness environment within the same organization. Similarly. overall iob satisfaction and specifically person-job fit corporate has а huge impact on entrepreneurship.

5.2 Limitations and directions for future research

An obvious limitation of this study is relatively few business sectors it covered ideally more sectors including the public sectors should have been covered, and this result compared across sectors to determine if certain sectors are more likely exhibit different corporate entrepreneurial pattern than others.

The findings of this study offer a number of opportunities for future research to advance

our knowledge of the organizational factors predict intentions that to start entrepreneurship within organization. The present results showed that high innovation climate has positive relationship with entrepreneurship intentions within the organization. The relationship of iob satisfaction was also positive with entrepreneurial intentions within the organization. Similarly other job satisfaction dimensions like salary benefit does not show relationship with anv corporate entrepreneurship, whereas person-job fit showed positive relationship.

Future research should consider different aspects of job satisfaction (e.g., performance appraisal, supervision, and co-workers) and how these influence entrepreneurial intentions within the organization.

Additionally, further research of professions other sectors is needed to validate the generalizability of our study's findings.

To conclude, findings from our study point to the need for future research to account for multilevel factors, and to discover their direct, indirect, and moderating effects, thereby enhancing our understanding of what leads employee to think about corporate entrepreneurship.

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