

**CORPORATE ENTREPRENEURSHIP AND EMPLOYEES' WORK  
PERFORMANCE: THE IMPACT OF INDIVIDUAL AND ORGANISATIONAL  
FACTORS**

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## **ABSTRACT**

With increasing globalization and fast pace of technology advance in recent decades, there is a need to ingrain corporate entrepreneurial spirit amongst Malaysian workforce as Malaysia is striving to become an innovation led economy. According to the AIM blueprint developed under the Ministry of Higher Education of Malaysia, innovative human capital in Malaysia is still not on par for global competitiveness. The aim of this study is to identify organizational architecture and individual traits which can be designed and trained subsequently to foster corporate entrepreneurial behaviour which ultimately will lead to better individual job performance. Specifically, this study examines the relationship of pro entrepreneurial behaviour factors both in organizational level (management support, work discretion, rewards, time availability and organisation boundaries) and individual levels (need of achievement, self efficacy and locus of control) on corporate entrepreneurial behaviour and which was then, regressed to job performance. A sample of 250 employees amongst main manufacturing organizations in Penang participates in this study. The samples originated from various demographic backgrounds and are mostly white collar professionals such as engineers and executives. The findings were tested using various statistical techniques such as factor analysis, reliability analysis, descriptive statistics, correlation analysis and regression analysis. In general, all factors except “time availability” and “locus of control” were found to have positive effects on corporate entrepreneurial behaviour. In addition, corporate entrepreneurial behaviour is found to be positively correlated to job performance. In short, the results translates that forming an pro entrepreneurial ecosystem in the organization and suitable training will foster innovativeness and proactiveness which further translates to better competitive advantage and sustainability in the long term.

## ABTRAK

Dalam dunia yang semakin globalisasi dan peningkatan teknologi yang pesat dalam beberapa dekad kebelakangan ini, terwujudlah keperluan untuk meningkatkan semangat keusahawanan korporat di kalangan tenaga kerja Malaysia untuk mencapai hasrat Malaysia untuk menjadi sebuah ekonomi inovasi. Menurut rangka AIM di bawah Kementerian Pengajian Tinggi Malaysia, modal inovatif tenaga manusia di Malaysia masih tidak setanding untuk bersaing di peringkat global. Tujuan kajian ini adalah untuk mengenal pasti seni bina organisasi dan ciri-ciri individu yang boleh dirancang dan dilatih kemudiannya untuk memupuk tingkah laku korporat keusahawanan. Tingkah laku korporate keusahawanan ini akhirnya akan meningkat prestasi kerja individu yang lebih baik. Khususnya, kajian ini mengkaji hubungan faktor-faktor tingkah laku pro keusahawanan di peringkat organisasi (sokongan pengurusan, budi kerja, ganjaran, ketersediaan masa dan sempadan organisasi) dan peringkat individu (keperluan pencapaian, keberkesanan diri dan lokus kawalan). Satu sampel yang mengandungi 250 pekerja di kalangan organisasi pembuatan utama di Pulau Pinang diambil untuk kajian ini. Sampel ini merangkumi profesional dari pelbagai latar belakang demografi untuk mewujudkan keputusan yang lebih tepat. Penyelidikan ini telah diuji dengan menggunakan pelbagai teknik statistik seperti analisis faktor, analisis kebolehpercayaan, statistik deskriptif, analisis korelasi dan analisis regresi. Secara umumnya, semua faktor kecuali "Ketersediaan masa" dan "lokus kawalan" telah didapati mempunyai kesan positif terhadap tingkah laku keusahawanan korporat. Di samping itu, tingkah laku keusahawanan korporat didapati positif kepada prestasi kerja. Secara ringkas, keputusan menunjukkan kepentingan untuk membentuk ekosistem yang pro keusahawanan. Selain itu, latihan pekerja yang sesuai juga akan memupuk semangat inovasi dan proaktif dalam kalangan pekerja dan selanjutnya membawa kesan yang positif untuk organisasi Malaysia.

## **Chapter 1**

### **INTRODUCTION**

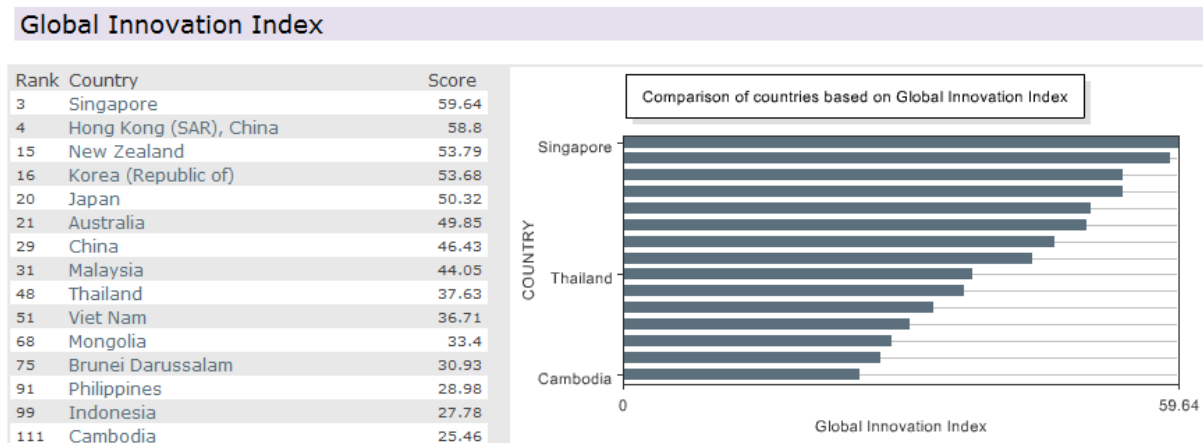
#### **1.1 Background of Study**

The fast pace of globalization and technology had changed the business world forever. Pressure from the WTO had moved the world to increasing free trade whilst eliminates protectionism barriers. With the softening of economy in recent years and the fall in consumption in U.S, Malaysia's major export destination, Malaysia firms today are experiencing more competition than ever heading challenges of decreasing demand and increasing international competitors which are more developed in technologies and financial strength. Research by Thornberry (2002) suggested that ideas in the past decades such as restructuring, lean and agile and downsizing are not enough in the current century and corporate entrepreneurship plays an important role in sustaining competitive advantage. In Morris et al (2010) study, it is stressed that entrepreneurship represents an essential factor in promoting economic growth and improving productivity. Gopal et al (2005) further suggested that managers and leaders had to understand corporate entrepreneurship to enable strategizing organizational viability. Sustainability of corporations now does not lie in mere producing and selling. There is a need to go deep into the roots of corporate entrepreneurship. Key survival will depend on the innovativeness and proactiveness of entrepreneurship. It is also highlighted that individual work performance is crucial in sustainability. One of Malaysia's valuable strength lies in the diversified human capital. Malaysia had a strong educated middle class and many Malaysians are known to be polyglots who are multilingual in many languages. Large percentage of the population speaks numerous languages such as Bahasa Malaysia, English and Mandarin, Hindu and more. With the emergence of China, India and

Indonesia, three of the world's largest population, Malaysians stands a huge chance in competition as most Malaysians can speak all three languages.

Competitive advantage of Malaysia is the human capital and it is important to enforce it. In order to achieve that, Malaysia government is actively supporting and encouraging entrepreneurship. According to May (2011), corporate entrepreneurship is essential for large companies, which are traditionally risk adverse to be more innovative. Many Malaysian companies are still operating traditionally and there is a need for such studies in corporate entrepreneurship to better compete in the global market. According to Dahlstrand and Stevenson's (2007) study, entrepreneurship and innovation are linked. The underlying Innovation is important for driving economic progress and competitiveness (Dutta 2011). Malaysia's global innovative index dropped from 28 to 31 in year 2011 however is still the highest among middle income countries (Dutta 2011).

Table 1.1  
Global Innovation Index in East Pacific Countries



Corporate entrepreneurship is not only limited to only top individuals in an organisation, it is included the innovativeness of the entire staffs of the organisation. According to Saguinsin (2011), suggested that basic requirement for modern enterprise is the

innovativeness as a whole in the organisation. As suggested by Hisrich et al (2005), a corporate entrepreneur devotes necessary time and effort to create something new with value. Navaratnam (2008) in his study further states that corporate entrepreneurs possess traits such as innovativeness, responsibility and the ability to focus on possibilities. Employees with corporate entrepreneurial traits are more likely to question and look for answers, build and motivate peers. Entrepreneurial activity is the human pursuit in expansion or creation of economic activity by exploiting and identifying new products or markets and thus generates value. (Ahmad & Seymour 2006)

Entrepreneurs are essential source in an organisation to gain vital competitive advantage. Individual work performance can be directly related to corporate entrepreneurship. This is because entrepreneurs are the people whom play a big role in forging the organisational culture of a company which deeply. With implementation of JIT and lean manufacturing in the past decade on enhancing supply chain management, competition in this decade had levelled up to a human resource stage which requires better performance from employees. According to Phan et al (2009), corporate venture capital has a much higher quotient of strategic objectives, relative to the purely financial objectives typical of venture capital firms. In Sonnetag and Frese's study, organizations need highly performing individuals in order to meet their goals, to deliver the products and services they specialized in, and finally to achieve competitive advantage. According to Mustapha (2002), Malaysian economy is set to transform from production driven to a knowledge based economy which requires plenty of innovation and entrepreneurial traits to success. This study is to seek factors which influence corporate entrepreneurship and how it links to individual work performance.

## 1.2 Problem Statement

According to Zainal Abidin (2009), Malaysia had experienced innovation led economy since the late 1990s and will continue throughout 2002 till 2057. Zainal Abidin (2009) states that the sustainable rewards of innovation led economy are society well being, employment creation and wealth creation. On the other hand, according to world competitiveness report, the key for innovation driven economies are innovation and sophistication factors. It is suggested by the report that once a country had moved into the last stage of competitiveness which is the innovation driven stage, to maintain parallel with uprising wages and standard of living, companies must compete by producing new and different goods using the most sophisticated production processes. When a country is moving into this stage, there is an essentiality to promote intense corporate entrepreneurial behaviour to stimulate enhanced innovativeness to foster competitive advantage (world economic forum 2011). As stated in the report, Malaysia is ranked 26<sup>th</sup> out of 139 countries in world competitiveness securing a score of 4.9 out of 7. Malaysia ranked 24<sup>th</sup> in innovation worldwide. There is a declining trend (Table 1.2) in Malaysia's world competitiveness and it is a worrying phenomenon. To rectify this situation, there is a need to foster entrepreneurship and innovativeness amongst Malaysia workforce to enhance performance and productivity.

Table 1.2  
*Comparison of Global Competitiveness Index between, 2008-2009, 2009-2010 and 2010-2011*

Country	Global Competitiveness Index ranking (2008-2009)	Global Competitiveness Index ranking (2009-2010)	Global Competitiveness Index ranking (2010-2011)
Singapore	5	3	3
Japan	9	8	6
Hong Kong	11	11	11

SAR			
Taiwan, China	17	12	13
<b>Malaysia</b>	<b>21</b>	<b>24</b>	<b>26</b>
China	30	29	27
Thailand	34	36	38
Indonesia	55	54	44
Philippines	71	87	85

*Source: World Economic Forum 2010*

According to the AIM blueprint developed under the Ministry of Higher Education of Malaysia, the main reasons why innovative human capital in Malaysia is still not on par for global competitiveness are:

1. There is a lack of supply of innovative human capital as there are brain drains due to weak strategies to retain talent. There is also an insufficient number of post graduates in Malaysia. To be a developed nation, there is a need for 50 RSE (Research Scientist and Engineers) per 10,000 workforces; however, Malaysia only achieved 21 RSE per 10,000 workforces currently.
2. There is a lack of quality of innovative human capital as most Malaysian has limited pioneer mindset capability and curriculum lacks elements of creativity & innovation.

The contexts of our research are based on one of the states in Malaysia which is Penang. According to Malaysian Industrial Development Authority (MIDA), Penang is the No.1 state for total capital investments in manufacturing projects in 2010 attracting RM 12,238 million in sum.

To maintain competitive advantage as an international foreign investment hub, there is a need for Penang to keep improving on human resource as this is one of the core competencies of the state. Since invention of internet, opening of trade barriers, free trade and the improvement in transportation, the world had become smaller. Rapid technology change

and globalisation in the macro environment had forced both international and local firms to be more competitive from production to human resource. Innovation and entrepreneurship had been a success factor in the new century. Real life examples of innovativeness and entrepreneurial traits can be seen in the success of Microsoft, Apple, Google, Facebook and more. Any company which are not continuing developing and improving are as good as making an unintentional decision to quit business (Merrifield 1993).

Such global conditions had highlighted the need of companies to become more entrepreneurial. Employees work performance had been a considering factor for foreign investors to invest in a certain country. Other than that, with increase corporate entrepreneurship, local companies are also more to challenge domination of international giants. According to Glodsby et al (n.d.) corporate entrepreneurship in a social cognitive view, given proper opportunity and support to develop their abilities, every individual can be transform to become more entrepreneurial and innovative. It is therefore in this study to research the factors that influenced corporate entrepreneurial ability to develop a new generation of entrepreneurship in Penang and Malaysia.

In line with efforts of Malaysian government to transform the economy and enhancing entrepreneurial initiatives, this study is deemed timely to understand factors that contribute towards corporate entrepreneurial behaviour amongst employees. Thus, the main objective of this research is to examine organizational factors and individual factors that could influence corporate entrepreneurial behaviour and subsequently examine the effect the effect of corporate entrepreneurship on job performance.



### **1.3 Research Objectives**

As mentioned, growing pace in global competition had forced Malaysia government and all the economy sectors in Malaysia to foster corporate entrepreneurship for growth and sustainability. Hence, the research objectives in this paper are:

1. To investigate the organizational factors which influence corporate entrepreneurship among employees.
2. To investigate the individual factors level which influence corporate entrepreneurship among employees.
3. To investigate the effect of corporate entrepreneurship on employees' work performance.

### **1.4 Research Questions**

In order to achieve the above-mentioned objectives, the present study sought to answer the following research questions: -

1. Do organizational factors (management support, work discretion, rewards, time availability and organisation boundaries) influence corporate entrepreneurial behaviour and individual work performance among employees?
2. Do individual factors (need of achievement, self efficacy and locus of control) influence corporate entrepreneurial behaviour and individual work performance among employees?
3. Do corporate entrepreneurial behaviour positively effect individual work performance?

## 1.5 Significance of Study

In our ex prime minister Tun Dr Mahathir Mohamad words: -

*“Hopefully the Malaysian who is born today and in the years to come will be the last generation of our citizens who will be living in a country that is called 'developing'. The ultimate objective that we should aim for is a Malaysia that is a fully developed country by the year 2020.”*

In 2005 United Nations Conference of Trade and Development, it is shown in solid evidence that corporate entrepreneurship fosters economic growth. There is an importance to shape skilled and knowledge workforce to be more innovative and proactive in order to stand amongst competitors. The significance of this study lies in aiding top leadership in organisations to better insights on promoting corporate entrepreneurship amongst employees and maximizing individual work performance.

Corporate entrepreneurship is a key factor for sustainability and competitiveness; It represents significant importance both on country and corporate levels. Morris et al (2008) in their study affirms that corporate entrepreneurship creates wealth, enterprise, innovation, change, employment, value and growth. These are the essential keys towards a developed nation. Innovative workforce is able to strengthen corporate and indirectly strengthen the country and its economies. Malaysia is heading towards vision 2020 to a fully developed country. The pillars of a developed country lie highly in economic advantage and innovative, educated workforce. It is therefore the importance of both private and public sector to promote entrepreneurial behaviours among employees.

Thus, based on the findings of this research, economy sectors both product and service in Malaysia will realise the importance of organisational and individual factors in shaping corporate entrepreneurship. In addition, this study can enhance our knowledge on

corporate entrepreneurship and serve as the foundation for a more developed theory to guide the introduction and diffusion of entrepreneurship in Malaysia's organisation towards a fully developed country.

### **1.6 Organisation of Report**

Chapter one states the background of study and problem statement. Research objectives and research questions will then be defined. The significance of study is then discussed. Chapter two highlights the related literature on corporate entrepreneurship on both organizational and individual level. A theoretical framework is formed and hypothesis is set in this chapter. Chapter three focuses on research methodology and research design. Ways and processes of the research are discussed. Chapter four will go into depth the findings of this study. Hypothesis set will be tested from statistical analysis. In the end, chapter five discusses about the findings of the study. Limitations of the research are presented and recommendations were made. At last, an overall conclusion is formed for the study.

## **Chapter 2**

### **Literature Review**

#### **2.1 Introduction**

This study is an evaluation of the variables associated with corporate entrepreneurial and individual work performance. Specifically, it looks at the individual and organisational factors that contribute towards entrepreneurial behaviour and factors that enhance individual work performance.

#### **2.2 Corporate Entrepreneurship**

This chapter will discuss variables which influences corporate entrepreneurship. Corporate entrepreneurship can be defined as an attempt to merge both skills and mind sets of successful entrepreneurs and inculcate these characteristics into the cultures and activities of a large company (Thornberry 2002). As corporate entrepreneurship is gaining its popularity, Ferreira (2002) argues that there are no near consensuses near to it as different scholars had raised different explanation on the term. In studies of Baumol (1986), the concept of corporate entrepreneurship was to include large firms to renew themselves by altering relationship among themselves and the environment with combination of new resources. Another study by Zahra (1991) argues that corporate entrepreneurship are meant to be process in creating new business in established firms to improve sustainability and profitability of the organisation. In a most recent study by Ozmerici (2011), suggested that corporate entrepreneurship can be divided into internal and external parts which encompass i) when an organisation enters a new business, ii) new product designed by team or individual in an organisation and iii) when an entrepreneurial paradigm change permeates an

entire organization's outlook and operations. Burgelman's (1984) point of view which he suggested corporate entrepreneurship to be a function of generating internal new resource to extend a firm's domain competence. According to Hough (n.d.), whilst corporate entrepreneurship strategy may be chosen to increase financial performance, there are also numerous non financial benefits such as creative working environment, increased collaboration and increased employee morale.

Morris, Kuratko & Covin (2008) suggested that corporate entrepreneurship needed to be enhanced in a corporation as a corporate entrepreneurial manager is not alike as a normal manager. Whilst a traditional manager can offer various roles such as supervisor, coordinator, evaluator, budgeter, staffer, planner, motivator, organizer and strategist, a corporate entrepreneur offers more. A corporate entrepreneur other than the said roles, bring impact on the organization. A corporate entrepreneur suffice roles such as calculated risk taker, active and adaptive concept implementer, change agent, opportunity seeker, visionary, creator and innovator. Whilst traditional managers get the job done, corporate entrepreneurs create new opportunities to the organization.

There is an importance to understand the difference between corporate entrepreneurship and start up entrepreneurship. Although both shares similarities such as risk taking and more, there are also substainable difference amongst the both.

Table 2.1  
*Differences between Corporate Entrepreneurship and Start Up Entrepreneurship*

Corporate Entrepreneurship	Start Up Entrepreneurship
Access to established market base, market research resource, distribution channels, production facilities for trial runs, research and development, existing database and established sales force.	Limitations of resources, everything starts from Greenfield.

Higher tolerance for errors as company can absorb the errors. There is job security and an extensive network for sharing and generating ideas. There is also a potential for sizeable scope and scale which can be act rapidly.	One error may mean failure as the entrepreneur absorbs all the risk. There is little job security and few people to talk to. On initial stage, the scope and scale is limited.
Company assumes all the risk which may encourage corporate entrepreneurs to generate bolder ideas. However, company have claims on the intellectual rights and concept and a corporate entrepreneur may have little or no equity in the company whilst compensated with clear limits of financial rewards.	The start up entrepreneur assumes all the risk borne by the project. The start up entrepreneur owns all the intellectual rights or innovative ideas and has all or much of the equity in the business. Potential rewards are unlimited.
There are longer approval cycles. The entrepreneur's ability may be hindered by burecracy, procedures and rules. Credit may also had to be shared with many others working on the project.	There is fast decision making as it does not involve layers of burecracy. There is huge flexibility in changing a new direction or experimenting in new areas.

### *2.2.1 Limitations of Corporate Entrepreneurship*

This part of the chapter is important for this study as our goal is to enhance innovative led economy in Malaysia. It is vital for us to understand the limitations of the implementation of corporate entrepreneurial behaviour in order to overcome the barriers. According to Morris et al (2008), there are obstacles and limitations in fostering corporate entrepreneurial behaviour amongst employees:

1. Lack of appropriate timing which is the timing of allocation of resources. Morris et al (2008) states that traditional manager's act too slow on handling resources causing entrepreneurial project to fail.
2. Lack of urgency, which is the element of fear. Fear can be good and bad. Positive fear can be good motivators that enhance the maintaining and creation of passion (eg, fear of losing and fear of competition). On the other hand, negative fear such as the fear of punishment can be a pull back of innovativeness.

3. Lack of personal renewal which is the overconfident on projects on hand and resist creating something new. Such situation often happens in big, successful company. Rupert Murdoch quotes, “*Big* will not beat *small* anymore. It will be the *fast* beating the *slow*.” Companies that resist changing and developing will fail.
4. Lack of energy and shared enthusiasm, which suggest lack of support from peers. Inertia is created by obstacles such as direct threat, disaffection, competition, distraction and indifference.
5. Lack of sponsors which are the coaches for entrepreneurs. Sponsor is a supporter on a higher level in the organization that offers guide and support. A sponsor will make the corporate entrepreneur politically strong and not vulnerable to peer attacks.
6. Lack of open ownership which represents departments in the organization which prioritize on protecting their turf rather than co-operating to develop new ideas that benefit the organization.
7. Lack of ‘seed’ capital where the corporate entrepreneur faces challenges of allocation of initial resources to boost up entrepreneurial work.
8. Lack of legitimacy, which stands for the barriers to get sufficient resources when the new entrepreneur is untested. There is no track record and people may be unwilling to offer assistance as success probability is at doubt.
9. Lack of people development skills, which means the traditional manager are not prone to accept his/her subordinates to develop better innovative idea than him. There is also a lack of encouragement in promoting new ideas.
10. Lack of incentive to innovate. Corporate may offer rewards and incentive to foster corporate entrepreneurial activities but the rewards may be insufficient to motivate

the behaviour considering the barriers (eg: politics in company) or the reward isn't the main motivator for the employee.

11. Lack of time, as employees have a lot of everyday jobs and less free time given the intensity of the modern age. Other than that, people do face different crisis over time which requires lots of energy. This will make employees to have less time to make new experiments and therefore kills innovativeness.
12. Lack of political savvy, which represents the naïve in corporate politics. Individuals are constantly acting in their own interest and it is impossible to implement corporate entrepreneurship without influencing others. Such process wastes a lot of valuable energy. Many obstacles are also formed cause of political ramifications and political undertones.

### *2.2.2 Innovativeness and Proactiveness*

Such views of corporate entrepreneurship can be summarised in three factors, innovativeness, proactiveness and risk taking. In a research conducted by Ergun et al (2004), it shows innovativeness and proactiveness traits have positive colleration with enhanced individual work performance.

Innovation refers to continuous development or new development of production procedures, methods, product improvements and new product development to sustain competitive advantage (Oz). According to Jackson & Schuler (2002), innovation happens when people juxtapose existing ideas and information in new ways. It is important in enhancing the information coming together. According to Hage (1999), innovation is key to survival in global competition. West Midlands Observatory Report had further stressed the importance of innovativeness as what firm need to adapt in difficult economies times. (West



Midlands Regional Observatory 2009) Morris et al (2008) in their work suggests globalization of markets, dramatic social change, government deregulation, fragmentation of markets and emergence and improvement of technologies had pressure modern firms to be more innovative. It is also argued by Surowiecki (2010) that over innovation or inappropriate innovation may lead to disaster blaming the Wall Street with over innovation of financial products that caused the recent 2008 global financial crisis. Morris et al (2008) also argued that innovation also poses many dilemmas for existing firms such as making existing successful products obsolete by having a greater share of marketing source and production. There is also a dilemma of control as more levels of discretion, autonomy and level of freedom are required to be given to employees to encourage innovation.

Proactiveness refers to aggressive posturing relative to competitors (Oz). Proactive behaviour refers to people whom makes things happens. Morris et al (2008) states that proactiveness is concerned by implementation by taking of responsibility in realizing the entrepreneurial concept by doing whatever necessary and it involves willingness to assume responsibility of failure, adaptability and considerable perseverance. Various scholarly articles had shown that everyone had the potential to be proactive. Proactive behaviour is important in current working situation as it had been more complex than ever. Employees sometimes do need to use personal instinct in making decisions and pre determined behaviour such as wait to be told will make the organisation ineffective (Parker & Collins). With increasing competition, there had been increasing pressure on innovation. It is important to have proactiveness in the company so that the management are able to have more exposure on ideas and suggestion from the bottom to top. Employees will need to be proactive to express their ideas as the employees are the ones whom are handling everyday work and may have exceptional ways to improve the working process. Key features in proactiveness are

change oriented, which is ever ready to take on change. Such trait is essential in current fast moving environment. Another trait is anticipatory, which is the ability to act in advance for a future situation. The third trait is self initiated which means the individual does not need to be asked to act but rather, able to make correct decisions.

## **2.3 Organizational Factors**

Organizational factors are factors bounded inside the organization. They are an antecedent to corporate entrepreneur behavior and better work performance. Top management in an organization has the ability to change organizational factors to foster corporate entrepreneurship. Organizational factors studied in this research will be the impact and correlation of management support for entrepreneurship, work discretion, rewards and recognition, time availability and organization boundaries. Although there are numerous antecedents such as number of alliance, formal control and more that do influence corporate entrepreneurship, this research applies the framework of Morris et al (2008) which suggested the above five factors.

### *2.3.1 Management support for entrepreneurship*

According to an interview with Bacal, all barriers needed to be considered for better employee performance management (Heathfield 2012). Thornberry (2002) in his study suggest that top management and organizational cultural are important ingredients in developing managers as entrepreneurs. In his research, Thornberry (2002) further suggests there are four barriers restraining managers to be entrepreneurs in a corporate.

1. Although top leadership would like to see the managers to be entrepreneurs, there is reluctance in paying them as entrepreneurs. Given the risk taken, rewards are

not parallel. It is also hard for large company to change their paying structure which tends to equity and fairness and not creation and innovativeness.

2. As most managers have overwhelming daily jobs, it is hard for them to have time for entrepreneurial work. It is therefore unless they see it as a real opportunity, there won't be motivation to spend more time for innovativeness as most managerial positions have many short term goals to meet and are in stressful situation of downsizing and restructuring.
3. There is little support from peers as they hope their efforts to become corporate entrepreneurs fail. (Thornberry 2002) Thornberry explains this phenomenon as "no head shall rise above the rest, unless its mine." (Thornberry 2002) Such jealousy is rooted in human nature and is hard to change. In Thornberry's (2002) research, participants of entrepreneurial programs are often backstabbed by their peers so that they can be removed from the program. Shapiro et al (y.u.) in their research also suggests that as there are an increasing diversity in work force, relationship conflicts respect with individual innovativeness will occur.
4. One more obstacle is the commitment of middle management. Although highest level of management have the enthusiasm in creating corporate entrepreneurship, middle management often lacks commitment and will encourage participants to meet short term goals rather than to be committed in the program.

Wunderer (2001) suggested that transformational managers are preferred to promote corporate entrepreneurial behavior as transformational managers encourage more self control, self organization and self development. There is an importance in the support of management to promote transformational leadership to enhance corporate entrepreneurial culture. Myung (1999) in his work also suggest too much centralization discourages development of

behaviour-based managerial entrepreneurship. In a high centralization structure, employees have less propensity to take risk in entrepreneurial activities unless supported with discretionary authority, knowledge and necessary resources. Altucher (2011) in his article suggest that everyone can be an entrepreneur as long as learning and taking action to be one. However, Lawrence (2011) in his work stated that entrepreneurship is not for everyone and there are certain traits to success in entrepreneurship such as decisive action and passion. Solovic (2011) in her book further agree with Lawrence claims stating that not everyone can be an entrepreneur. Thornberry (2002) further argues that there is no way to identify the right employee which posses entrepreneurial skills. According to his research, neither pass success, education nor background are good predictors of entrepreneurial success. There came to a question is it feasible for the management to support for entrepreneurship when so many barriers exists and individuals traits are not predictable.

### *2.3.2 Work discretion*

Work discretion can be defined as the power or right to act in own judgment. As mentioned by Taveggia & Hedly (1976) in their work, highly specialized jobs with minimum discretion often create dissatisfied employees. Morris et al (2008) mentioned that there is an expectation for bottom up innovation in decentralized, flattened organizational structures as it encourages more participation in management, empowerment and rewards for champion, more autonomy, more broadly defined jobs and more decision making pushed down to bottom. Morris et al (2008) further suggested that work discretion influenced corporate entrepreneurship. Foss & Foss (2001) also mentioned firms delegate discretion for a number of reasons, which may be stimulating intrinsic motivation, better utilise expert knowledge or

entrepreneurship. Delegation had always been recommended in studies. With more work discretion:

1. Employees are more likely to be more motivated. According to Billikopf (2006), empowerment and delegation increases motivational and self esteem levels of employees. It also increase the sense of ownership. Billikopf (2006) further highlighted the importance in involving employees in decision makings a strict separation between management and employees might send a message to employees to do only what they are told and consequence elimination of bottom-up ideas and on work innovation.
2. More work discretion allows new and innovative ideas from employees. It promotes and develops employees creativity and decision making skills. Kastl et al (2010) in his study shows that there is a positive correlation of work discretion with innovativeness of employees. Also in Strumph's (2002) study, government decentralization and delegation promotes innovativeness.
3. Work discretion too promotes better decision quality. This is due to the pooling of ideas. Employees are the first liner in handling daily chores and will have better insight of how work can be improved than top management which merely handles such day to day work. Ideas and decisions from employees can be very valuable in outperforming competitors.
4. Work discretion saves time. As mentioned by Page (2010), work discretion helps in time management. A higher degree of freedom in work will help in time saving and better performance.

Foss & Foss in their work (2001) stated that decision rights in organizations are always loaned rather than owned. A hierarchical inferior can always be overruled by a

superior and this creates tensions between authority and discretion, thus, creates motivational problems. Foss & Foss (2001) also suggested that managerial role should be more concentrated on shaping and influence employees values and beliefs rather than straightly intervening with their affairs. It is therefore shown that management role is much important in promoting work discretion.

### *2.3.3 Rewards/ Reinforcement*

Morris et al (2008) in their book suggested that direct rewards controlled by management can be a powerful tool to influence employee behavior. Rewards can be present in many forms other than financial rewards. Rewards can be in the form of power and status, social rewards, self actualization, career enhancement and personal development. Morris et al (2008) in their work based on Kuratko's (2004) work in his journal "Sustaining Corporate Entrepreneurship: A Propose Model of Perceived Implementation", suggested that rewards do directly influence corporate entrepreneurial activity. However, Morris et al (2008) do rise a question on whether the employee is generically motivated towards the specific behavior which is corporate entrepreneurial behavior in this study. Morris et al (2008) suggest that employees might not be motivated even that they consciously know about rewards they received if they are entrepreneurial. The various reason raised from their study are:

1. Comparison amongst employees and the pre determination of rewards received are unfair.
2. The type of reward offered is does not command significant importance in the employees mind.
3. The reward is too small compare to internal resistant towards corporate entrepreneurial behavior.

4. Employees found other ways of obtaining the rewards without entrepreneurial efforts such as currying favour with the boss.
5. Employees believed that without any effort, the reward will be earned.
6. Managers are rewarding on other behavior despite the behavior that they are asking. This will lead to vague goals and employees might not want to put in much effort as they are uncertain of the rewards.

Morris et al (2008) further suggested that there is an essential in building a well conceptualized champion program to foster corporate entrepreneurship behavior. It is therefore, proper rewards system according to Morris et al (2008) do stimulate corporate entrepreneurial activity.

According to Fritscher (2009), positive reinforcement can be defined as a reward or something pleasant that act as a reinforcer given for a specific desired behaviour. By such efforts, the desired behaviour can be shaped overtime. It is also suggested that positive reinforcement is individual specific and what reinforce one person might not have a same impact on others. It is interesting to know how positive reinforcement can encourage corporate entrepreneurship in this study. According to Farias, employee performance can be improved with positive reinforcement, rewards and positive feedback. Harter et al (2003) in their work suggest that well being in workplace starts from influencing employee behaviour and negative reinforcement are only short term fix which have no long lasting impacts. Reinforcement is used in behaviour modification to increase a frequency of behaviour. A greater tendency of occurrence of a behaviour can be observed if it is reinforced. Lawson & Watson (1963) affirmed that positive reinforcement is a better way to develop a habit. In Daniels (2006) work, positive reinforcement carries five characteristics:

1. Positive reinforcement is personal. It is suggested that needs and wants are different in different individuals and no single individuals are the same. A reward that works on one may not work on the other. Daniels (2006) also points out the importance of a leader in positive reinforcement. He suggested that if the leader is disliked by employees, then there will be a negative result on the efforts of reinforcement. As positive reinforcement is individual, it is therefore important to develop habitual management to reinforce it.
2. Positive reinforcement is immediate. Daniels (2006) mentioned that the most effective way to reinforce behaviour is by immediate action after something is done right. Daniels (2006) also suggested that money is not a good reinforcement as it is not possible on many circumstances to pay immediately. Many people can work without reinforcement but that is not sufficient to achieve maximum results.
3. Positive reinforcement is earned. It is suggested that when employees are paid for results, there is an area of vagueness on what is encourageble. A pre determined salary and full average benefits can kill motivativeness. Daniels (2006) suggests desirable benefits to be earned to promote motivational results and desired behaviour.
4. Positive reinforcement needs to be frequent. Research had shown that many small reinforces are much better than fewer large ones. Positive reinforces is essential everyday task to shape an employee's behaviour.
5. Most positive reinforcement is not financial. It is no doubt money has motivational values however to shape corporate entrepreneurial behaviour there is a need to understand the laws of behaviour. Rewards can be given but not influencing the behaviour. Benefits for a work well done such as a praise although small can increase the pleasant feeling of an individual and continue to perform as what is hoped.



#### *2.3.4 Time Availability*

In Hough's (n.d.) work, time availability is positively related to innovativeness and pro-activeness. Time is an important factor and resource. Hough (n.d.) stated that individuals should be given time for ideas to thrive. To encourage corporate entrepreneurship, workload of employees should be designed on a base that there are enough time to carry out creative, entrepreneurial experiments. Kuratko et al (2005) in their research also further affirmed time is required to continuously engage in entrepreneurial actions. With more time, employees are able to be involved in more experiments which aid to accomplish faster and better work in future.

Morris, Kuratko & Covin (2008) in their book also stressed that time is an important factor and barrier for corporate entrepreneurial behavior. Morris, Kuratko & Covin (2008) stated that information age and intensified competition had resulted less time on job, moreover, employees have various loads of daily chores to finish. Morris, Kuratko & Covin (2008) had risen a fact that many people in fact are simply busy because there is a need to interpret daily information load. Therefore, current employees have less time to experiment in new things. It is vital to free up employees time to promote corporate entrepreneurial behavior.

There is an importance for organization to moderate workload, taking away barriers and constraints on employee's job to allow the people to work with others. (Ahmad, Narsudin & Zainal n.d.) It is also interesting that various previous studies had emphasized on the importance of time availability in fostering corporate entrepreneurial behavior (Kuratko Montagno, & Hornsby, 1990; Slevin & Covin, 1997). It is therefore; proven in many studies that time is an inevitable factor in promoting corporate entrepreneurial activity amongst employees in an organization. If employees are given too many duties to finish, it limits the

possibilities of employees to be involved in creative work. Employees do not only use time in finishing work, but also need time for families, rest and entertainment. It is therefore, a limitation of time limits innovative entrepreneurial behaviour in an organization.

### *2.3.5 Organizational Boundaries*

Organizational boundaries can be defined as demarcation between the organization and the environment (Santos & Eisenhardt 2005). There are two approaches to organizational boundaries namely the realist approach which focuses on the participants and the nominalist approach which focuses on the analytic purpose. According to Santos & Eisenhardt (2005) in their study, organizational boundaries represent a central phenomenon. The four boundary concepts are: -

1. Identity which focuses on organizational member's unconscious mind set in understanding 'who we are?' Identity can be represented as coherence in organizational level. According to Walker (2000), an identity that includes everything is not an identity, there had to be a demarcation line between what is it and what isn't. Zhang (2010) argues that knowledge based economy had been challenging traditional organization boundaries and new concepts such as demarcation between environment and the organization should be developed.
2. Competence which centers on related configuration of resources portfolio. Competency is linked to organizational issue of growth.
3. Power which suggests the sphere of influence in the organization (Santos & Eisenhardt 2005).