The effects of employees' creative self-efficacy on innovative behavior: The role of entrepreneurial leadership

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A B S T R A C T

The present study explores the unique effect of entrepreneurial leadership on the relationship between employees' creative self-efficacy (CSE) and innovative behavior. Using multi-level data from multiple sources, namely, 66 middle-level managers and their 346 subordinates from a large Chinese multinational organization, the effect of CSE on innovative behavior was found to be more influential when employees work under a strong entrepreneurial leader in their team. We also found that entrepreneurial leadership exerts a stronger moderating effect on the CSE-innovative behavior link than transformational and participative leadership behaviors. Consistent with social cognitive theory, these results suggest that leaders who engage in the role modeling of entrepreneurial behaviors to employees and in directing employees toward identifying and exploiting entrepreneurial opportunities are more likely to foster innovative behavior among employees with higher levels of creative self-efficacy, than acting in a transformational manner or allowing employees to participate in decision-making.

1. Introduction

The innovative behavior of employees, defined as their ability to generate and implement new and useful ideas at work (Scott & Bruce, 1994), is critical to organizational innovation and a sustained competitive advantage (Montani, Courcy, & Vandenberghe, 2017; Ramamootthy, Flood, Slattery, & Sardessai, 2005). Research indicates that employees are important sources of innovation in most organizations, responsible for approximately 80% of new ideas for implementation (Getz & Robinson, 2003). Given this, as well as strong evidence that innovation positively influences organizational performance (Bowen, Rostami, & Steel, 2010; Wang & Dass, 2017), scholars have begun to investigate the antecedents of innovative behavior within the context of more entrepreneurial-based organizations, as well as more traditional “top-down” organizations (Abraham, Meitar, & Weisberg, 2006; Basu & Green, 1997; Hülsheger, Anderson, & Salgado, 2009; Li, Zhao, & Begley, 2015; Pieterse, van Knippenberg, Schippers, & Stam, 2010; Yuan & Woodman, 2010). One factor that has consistently been found to be a key driver of employees’ innovative behavior is creative-self-efficacy (CSE), which is defined as “the belief one has the ability to produce creative outcomes” (Tierney & Farmer, 2002, p. 1138). For instance, Hsu, Hou, and Fan (2011) found a significant effect of CSE on employees’ innovative behavior and Tierney and Farmer (2011) reported that CSE was a strong predictor of employees’ creative performance over time.

Despite the valuable and insightful findings of this past research, an understanding of the boundary conditions of the CSE-innovative behavior relationship remains underdeveloped. In particular, there is a dearth of knowledge of whether contextual factors at work, such as leadership, may accentuate or attenuate the relationship between employees’ CSE and their innovative behavior (Nisula & Kianto, 2017; Tierney & Farmer, 2011). Moreover, despite growing research highlighting the importance of leadership as a key contextual factor driving innovative behavior (Hammond, Neff, Farr, Schwall, & Zhao, 2011; Miao, Newman, Schwarz, & Cooper, 2018), the role that the leader plays in maximizing the beneficial effects of employees’ CSE on their innovative behavior has yet to be investigated in detail.

In the present study, we highlight the important role played by leadership in fostering those with high levels of CSE to engage in innovative behavior. In particular, we argue that the effect of CSE on innovative behavior is more likely to be influenced by the extent to which the leader exhibits entrepreneurial leadership behaviors than...
other effective leadership approaches, such as transformational leadership and participative leadership. More specifically, we examine whether entrepreneurial leadership, a leadership approach characterized by the leader influencing and directing the performance of team members to recognize and exploit entrepreneurial opportunities (Renko, El Tarabishy, Carsrud, & Brannback, 2015), influences the extent to which employees with different levels of CSE engage in innovative behavior. In doing so, we suggest that the influence of CSE on employees’ innovative behavior will be stronger for employees who work in a team with strong entrepreneurial leadership because entrepreneurial behaviors motivate employees to derive creative ideas and implement them at work. We also argue that employees with high levels of CSE, compared to those with low levels of CSE, may identify more strongly with the entrepreneurial leader’s focus on opportunity identification and exploitation and thus respond more positively to the encouragement given to them by their leader to develop and implement creative ideas.

In addition to examining the moderating effect of entrepreneurial leadership on the CSE-innovative behavior relationship, we also examine its relative importance in fostering those with CSE to engage in innovative behavior vis-a-vis two other leadership approaches (i.e., transformational and participative leadership), which have often been found to have direct effects on innovative behavior in previous research (e.g., Afsar, Badir, & Bin Saeed, 2014; Aryee, Walumbwa, Zhou, & Hartnell, 2012; Bednall, Raiffert, Sipton, Sanders, & Jackson, 2018; Jung, Chow, & Wu, 2003). In doing so, our research can provide insights into which leadership approach is more effective and conducive for high CSE employees to engage in innovative behavior. We argue that, in line with the key tenets of social cognitive theory (Bandura, 1986), by role modeling entrepreneurial behaviors to followers and encouraging them to engage in entrepreneurial activity, the entrepreneurial leader is more likely to foster the innovative behavior of those high in CSE than transformational or participative leaders.

By examining these issues, the present study makes important contributions to the literature. First, our study makes a theoretical contribution by examining the critical role of leadership as an effective boundary condition that can influence the strength of the CSE-innovative behavior relationship. By exploring whether working in a team with strong entrepreneurial leadership can accentuate the effect of employees’ CSE on their innovative behaviors, we respond to the repeated calls of researchers to examine how individual differences and situational factors interact to influence innovation outcomes at work (Hammond et al., 2011). Second, while existing research has demonstrated that different leadership approaches (e.g., entrepreneurial leadership, transformational leadership and participative leadership) are effective for employees’ innovative behavior (Bagheri & Akbari, 2018; De Jong & Den Hartog, 2010; Pieterse et al., 2010), prior work has not yet investigated the relative importance of these leadership approaches in encouraging employees with high levels of CSE to engage in innovative behavior. To address this issue, we examine whether entrepreneurial leadership will exert a stronger moderating effect on the CSE-innovative behavior link than transformational leadership and participative leadership. Finally, the present research also has important managerial implications. The present study not only improves our understanding of how leaders can foster the innovative behavior of employees who believe in their ability to develop and implement creative ideas but also highlights the need for organizations to match leaders with subordinates who are most likely to benefit from working under them. In doing so, it assists organizations in effectively advising managers how to maximize the innovative behaviors of their employees and contribute to organizational success.

2. Theory and hypotheses development

2.1. Social cognitive theory and self-efficacy

Bandura’s (1986) social cognitive theory views human functioning as a dynamic interplay of personal, behavioral and environmental influences. Within this framework, Bandura suggested that personal factors (in the form of cognition, affect and physiological events), behavior, and the environment interact in a manner that he termed ‘triadic reciprocity’. Social cognitive theory is distinct from other learning theories in the central role afforded to cognition in the triadic interaction between the self, the environment and behavior (Hmieleski & Baron, 2009). Bandura argued that interpreting one’s own behavior effects change in the self and change in the environment which in turn affects future behavior changes. This dynamic triadic process formed the basis of Bandura’s notion of ‘reciprocal determinism’.

Central to social cognitive theory is the idea that human functioning is influenced by “people’s judgments of their capabilities to organize and execute courses of action required to attain designated types of performances” (Bandura, 1986, p. 391). Bandura (1997) termed such judgment ‘self-efficacy’ and argued that motivation, affective states and actions are better predicted by what people believe they can achieve than by their objective capabilities, notwithstanding, of course, the necessary condition that requisite skills must be present to successfully accomplish a task. When requisite skills are present, however, self-efficacy beliefs help to explain why task accomplishment sometimes falls short of that which would be predicted by requisite skills, holding other factors constant. Self-efficacy also helps to explain why successful task accomplishment leads to improved capabilities (Maertz, Bauer, Mosley, Posthuma, & Campion, 2005).

According to Bandura (1997), self-efficacy influences human functioning through several different processes. First, it influences the tasks that people attempt to undertake, such that people tend to undertake tasks that they believe they can successfully complete. Second, it influences how much effort someone will be prepared to expend on a task as well as how much they will persevere to achieve positive task completion. Those with a greater belief in their ability to complete a task will work longer and harder to complete it. Finally, self-efficacy influences people’s affective responses to approaching tasks, which in turn influences successful task completion.

2.2. Creative self-efficacy and innovative behavior

CSE is a particular type of self-efficacy that refers to an individual’s perception that he or she is capable of achieving creative outcomes (Tierney & Farmer, 2002). There is growing evidence that CSE is positively related to creativity in a workplace setting (Gong, Huang, & Farh, 2009; Tierney & Farmer, 2011). For example, empirical studies have reported that CSE is linked to creativity and creative task performance (e.g., Choi, 2004; Jaussi, Randel, & Dionne, 2007; Tierney & Farmer, 2004). Based on Bandura’s (1986, 1997) social cognitive theory, CSE should lead to higher levels of innovative behavior for two main reasons. First, individuals high in CSE are likely to choose to engage in innovative behavior, as they will feel confident in their knowledge and skills to generate ideas and implement those ideas at work (Jiang & Gu, 2017). This will lead them to spend more time on creative cognitive processes in identifying problems and generating ideas to solve those problems as well as seeking sponsorship for such ideas from those higher up in the organizational hierarchy (Hsu et al., 2011). Second, those high in CSE will feel better equipped to address the challenges and uncertainty faced when developing and implementing new ideas in the workplace (Richter, van Knippenberg, Hirt, & Baer, 2012). Compared to those low in CSE, they will be more likely to perceive challenges as opportunities and persevere when faced with setbacks.
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