

# **Fostering Entrepreneurial Behaviour among Work Team Members: Role of High Performance Human Resource Practices**

A thesis submitted in partial fulfillment of the requirements for the  
Fellow Programme in Management



Indian Institute of Management Indore

By: Roshni Das

December, 2018

## **Thesis Advisory Committee**

1. [Chairperson] Prof. Sushanta K. Mishra \_\_\_\_\_
2. [Member] Prof. Kamal Kishore Jain \_\_\_\_\_
3. [Member] Prof. Abhishek Mishra \_\_\_\_\_

## Abstract

Employee Entrepreneurial Behaviour (EEB) is defined as “the extent to which individual workers proactively engage in the creation, introduction, and application of opportunities at work, marked by taking business-related risks.[...]” (Jong, Parker, Wennekers, & Wu, 2015, p. 982). This concept has roots in the discourse on corporate entrepreneurship (Antoncic & Hisrich, 2003) and entrepreneurial orientation (Covin & Lumpkin, 2011), which takes the organization as the unit of analysis. Scholars have argued that if the corporate vision is to be effectively translated into employee behaviour; a disaggregation of this discourse to the micro level is required (Hayton, Hornsby, & Bloodgood, 2013; Ireland, Covin, & Kuratko, 2009; Macchitella, 2014), thus leading to the emergence of EEB.

Modern organisations are structured around teams (Cohen & Bailey, 1997). Scholars in team science suggest that teams function by means of Team Based Knowledge Work (TBKW) (Erhardt, Martin-Rios, & Way, 2009). In addition, organizational success is increasingly reliant on how well the teams within it are functioning. However, scholars have pointed out that a deeper understanding of individual competencies in the team context is a gap that needs urgent attention (Erhardt, 2011 ; Neubert, Mainert, Kretzschmar, & Greiff, 2015; Weiss, Hoegl, & Gibbert, 2011). We argue that EEB is an individual level competence construct that can address this gap. We focused our attention on EEB as increasingly organizational success is represented through responsiveness, innovativeness and entrepreneurship, among others.

Given that EEB is an important micro level strategic goal, in the present study, we seek to establish whether certain HR practices can reliably predict EEB. Within the HR system literature, we focus on High Performance Human Resource Practices (HPHRPs) because the High Performance paradigm as represented through this concept, converges with the idea of high performing teams, thus creating a scope for integrating the literature. HPHRPs are defined as “coherent practices that enhance the skills of the workforce, participation in decision making, and motivation to put forth discretionary effort” (Sun, Aryee, & Law, 2007: 558). However, social systems are rarely closed systems (Parsons, 1951) and rarely simple and/or direct causal recipes without confounding mechanisms. Therefore, we have further investigated the adjoining and moderating variables that might have some bearing on Employee Entrepreneurial Behaviour.

Literature shows that conceptualization of the HPHRPs measure has been a theoretical and methodological challenge (Barry Gerhart, 2012). To resolve it, therefore, a pilot study was conducted with 50 individuals. Subsequently, we collected data from 88 teams consisting of 373 individuals. We followed a multi-source approach to data collection. Implications, limitations and directions for future research are discussed.

## CONTENTS

1	Introduction.....	11
1.1	Research objective and questions.....	13
1.2	Organization of the dissertation .....	13
2	Literature Review.....	15
2.1	EEB: Critique and gaps .....	15
2.1.1	Tracing the historic origins of EEB .....	16
2.1.2	Competency modeling and Job Analysis.....	18
2.1.3	Individual Differences and EEB .....	25
2.2	Team Science .....	26
2.3	High Performance Human Resource Practices (HPHRPs) .....	32
3	Theoretical framework and hypothesis development .....	41
3.1	Direct Effects of HPHRPs.....	41
3.2	Contextual Direct Effects .....	47
3.2.1	LMX.....	48
3.2.1	Diversity Belief.....	51
3.2.1	Direct and Interactional Effects of Task Characteristics .....	52
3.2.2	Interaction with HPHRPs.....	54
3.2.3	Interaction with LMX .....	57
3.2.4	Interaction with DB.....	57
4	Method .....	60
4.1	Sampling.....	60
4.2	Operationalisation .....	62

4.2.1	Measurement Theory Principles .....	62
4.2.1	Measures .....	63
4.2.1	Control Variables .....	64
4.3	Pilot Study .....	66
4.3.1	Cover Letter .....	66
4.3.2	Stage 1.....	67
4.3.3	Stage 2.....	68
4.4	Main study: data collection .....	68
4.5	Modeling technique.....	69
4.5.1	Rationale for using SEM and PLS-SEM .....	69
4.5.2	Hierarchical Component Models (HCM) .....	70
4.5.3	Moderation Analysis.....	70
4.5.4	Pre-empting Common Method Bias .....	71
5	Analysis and Results.....	72
5.1	Preparing the data: Missing Values and Non-response bias .....	72
5.2	Descriptive statistics of sample .....	72
5.3	Common Method Bias: Ex-post test .....	73
5.4	Hypothesis Testing with PLS-SEM .....	73
5.5	Measurement (Inner) Model Assessment.....	74
5.5.1	Internal Consistency Reliability.....	74
5.5.2	Convergent Validity.....	75
5.5.3	Discriminant Validity.....	78
5.6	Computing and Evaluating Second Order Latent Variables .....	80

5.7	Structural (Outer) Model Assessment .....	81
5.7.1	Assessment of Multi-collinearity .....	81
5.7.2	Testing Structural Model Path Coefficients.....	82
5.7.3	Moderation Graphs and Interpretation.....	86
5.7.5	Summary of Hypotheses .....	91
5.7.6	Evaluation of the Structural Model.....	94
5.8	Discussion .....	97
6	Multi-level Modeling .....	103
6.1	Introduction .....	103
6.2	Testing for (non)independence of data.....	103
6.3	Theoretical Justification .....	105
6.3.1	Hypothesis development.....	105
6.4	Analysis and Results .....	108
6.4.1	Preparing the data .....	108
6.4.2	Model settings.....	108
6.4.3	Model Iterations .....	109
6.4.4	Results.....	109
6.4.5	Post-Hoc Model .....	112
6.5	Discussion .....	112
7	Conclusion .....	116
7.1	Theoretical Contribution .....	116
7.2	Managerial Implications.....	118
7.3	Limitations .....	119

7.4	Future research directions .....	121
8	References .....	123
9	Annexures .....	139
A1	Snapshot of a sample occupational description from O*Net .....	139
A2	Task Characteristics: Anchoring theory .....	140
A3	Cover Letters .....	140
A4	Scales to capture response of team leader .....	142
A5	Scales to capture response of team member.....	143
A6	Pilot Survey demographics and results .....	148
A7	Team composition .....	149

## List of Tables

TABLE 1: EVOLVING DEFINITIONS OF EEB .....	17
TABLE 2: TITLES OF REPRESENTATIVE CROSS LEVEL EMPIRICAL STUDIES .....	30
TABLE 3: MEASURING HPHRPs.....	34
TABLE 4: SCALES .....	64
TABLE 5: HPHRPs SUBSCALES .....	68
TABLE 6: PSYCHOMETRIC PROPERTIES OF FIRST ORDER LATENT VARIABLES .....	76
TABLE 7: DISCRIMINANT VALIDITY (FORNELL LARCKER METHOD) OF FIRST ORDER LATENT VARIABLES.....	79
TABLE 8: PSYCHOMETRIC ESTIMATES OF SECOND ORDER LATENT VARIABLES .....	80
TABLE 9: COLLINEARITY STATISTICS FOR ENDOGENOUS VARIABLES.....	81
<b>TABLE 10: SUMMARY OF MODELS 1, 2 (M 2.1 TO M 2.3) AND 3 .....</b>	<b>83</b>
<b>TABLE 11: SUMMARY OF STAGE 4 MODELS (M 4.1 TO M 4.6).....</b>	<b>85</b>
<b>TABLE 12: SUMMARY OF STAGE 4 MODELS (M 4.7 TO M 4.12).....</b>	<b>86</b>
TABLE 13A: SUMMARY OF HYPOTHESES (DIRECT RELATIONSHIPS).....	91
TABLE 13B: SUMMARY OF HYPOTHESES (MODERATION EFFECTS).....	92
TABLE 14: EFFECT SIZES.....	96
TABLE 15: ICC FOR STUDY VARIABLES* .....	104
TABLE 16: SUMMARY OF HLM PATH COEFFICIENTS.....	111

## List of Figures

FIGURE 1: HYPOTHESIZED MODEL .....	59
FIGURE 2: SECTOR WISE DATA BREAK-UP .....	61
FIGURE 3: H-S*TF .....	87
FIGURE 4: H-CR*TF .....	88
FIGURE 5: H-P*TR.....	88
FIGURE 6: LMX*TF.....	89
FIGURE 7: DB*TF .....	90
FIGURE 8: POST-HOC MODEL* .....	93
FIGURE 9: CONCEPTUAL MODEL –HLM .....	107
FIGURE 10: POST-HOC MODEL –HLM.....	112

## Exhibits

EXHIBIT 1: JOB FAMILY BASED SEARCH CONDUCTED ON O*NET DATABASE .....	20
EXHIBIT 2: PLS ALGORITHM SETTINGS.....	73



### Acronyms in use

CSE	Core Self Evaluation
DB	Diversity Belief
EEB	Employee Entrepreneurial Behavior
HPHRP	High Performance Human Resource Practices
LMX	Leader Member Exchange
SDRB	Social Desirability Response Bias
TF	Task Formalisation
TR	Task Routinisation