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## Influence of Organizational Climate on Employees Intrapreneurial Innovative Behaviour in Hotel Industries at the Kenyan Coast

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### **Abstract:**

*Employees' intrapreneurial innovative behaviour bestows the pursuit of creative and/or new solutions to the organizations. However, these innovative behaviors may be affected by the internal factors within the organizations. Yet the mechanisms through which these relationships operate are poorly understood in the hotel industry. The aim of this study was to examine the linkage between organizational climate and employee innovative behavior in the tourism based hotel industry in Kenya. Employees organizational climate was studied under three facets: innovative climate, proactive climate and self renewal climate. The study used multisource data from 23 tourism based hotel industry CEOs and further 65 employees from the same hotels. We found that the innovative and self renewal climates were positively correlated with employees' innovative behaviour ( $P < 0.05$ ). In addition, the relationship between organization climate with proactive climate and self renewal became stronger as proactive climate increased. Nevertheless the employee innovative behaviour became stronger as self renewal climate increased. Our study contributes to intrapreneurial research by highlighting the interactive effects of organizational climates on employee innovative behavior in the hotel industry.*

**Keywords:** *Entrepreneurial organizational climate, innovative climate, proactive climate, self renewal climate, innovative behavior*

### **1. Introduction**

The hotel industry, which functions as a provider of accommodation, catering and various additional services, is one of the largest business sectors globally, forecasted to generate US \$ 550 billion in revenue by 2016 (Sainaghi, 2010; <https://www.statista.com/topics/1102/hotels>). Yet the industry has faced several challenges in the past including: changing labour conditions, escalating operational costs, rising energy costs on consumer travel and hotel demand, growing global uncertainty about safety and security, managing changes in technology and evolving customer expectations (Ricaurte, 2012; Oaten et al., 2015; Aznar et al., 2016; Jones et al., 2016; McGinley et al., 2017). Subsequently, the industry players are increasingly searching for solutions to these challenges by focusing more of their resources towards improvements of the operation of the internal organizational environments (Butler, and Jones, 2001; Lockyer, 2007; Berezan et al., 2013; Chandana, 2013) through innovative intrapreneurship behaviour (e.g. Heinonen and Korvela, 2003; De Jong and Wennekens, 2008; Tang and Tang, 2012; Kara et al., 2013; Taştan and Güçel, 2014).

Innovative intrapreneurship behavior encompass the "intentional generation, promotion, and realization of new ideas within a work role, workgroup, or an organization" (Janssen and Van Yperen, 2004) mainly for purposes of profitability, strategic renewal, fostering innovations and gaining knowledge of future revenue streams (Taştan and Güçel, 2014). Employees intrapreneurial innovative behavior bestow the pursuit of creative and/or new solutions including the development or enhancement of old and new products and services, markets, administrative techniques and technologies with an aim of improving the organizational functions (Antoncic and Hisrich, 2004; Christian et al., 2006; Enz and Harrison, 2008). The individual innovation may depend on an employee's network of relationships within the organization, which provide the requisite inspiration; information, resources, and support to enable the innovators develop, promote, and realize their new ideas (Lin, 2001; Perry-Smith and Shalley, 2003). This implies that the basis of intrapreneurial behavior is identifying an opportunity, exploiting it and ensuring that exploiting that viewpoint will sustain the organization's goals. As such improved behavior of these new breed of employee (intrapreneurs) may be seen as change makers since the intrapreneurs are able to grasp their own thoughts without being the owner of the venture or without regard to the resources they manage (Antoncic and Antoncic, 2011). Organizations that adopt intrapreneurship tend to improve their survival, growth, profitability, and renewal (Heinonen and Korvela, 2003; Hult et al., 2003; Alpan et al., 2010; Ahmed et al., 2013). Intrapreneurial behavior can be classified into three dimensions according to modifications

by Antoncic and Hisrich (2001): innovativeness, pro-activeness and self-renewal. Innovativeness dimension refers to product and service innovation with an emphasis on development in technology; proactiveness dimension includes initiative and risk taking, and competitive aggressiveness that are reflected in activities of top management; and self-renewal dimension reflects the transformation of organizations through renewal of the key ideas on which they are built. Yet, solutions to some of these issues of intrapreneurship within the organizing maybe strongly linked to organizational climate.

Organizational climate is the form of the existing conditions and nature of organizational life perceived by the employees. It is conceptualized as the collectively shared perceptions among employees about organizational attributes in a given work environment (Ehrhart et al., 2013) and thus illustrates the effort to understand and describe human behavior in organizations and "a cognitive framework consisting of attitudes, values, behavioral norms and expectations shared by organizational members" (Sacher,2010). It is normally identified by a set of individual, organizational and environmental character features which gives an identity to the organization and which may affect their behaviors such as individuals' organizational attachment, organizational identification and organizational commitment (Antoncic and Antoncic, 2011; Taştan and Güçel,2014). Organizational climate is deemed to be important: it is perceived, as motivated employee will result in higher productivity, greater passion for the business, and a deeper engagement with customers.

Relationships between organizational climate and changes in employee behaviors within the organization such as organizational citizenship behavior, innovative behavior, creative and proactive behaviors have recently been established (Bellou and Andronikidis, 2009; Zhang and Liu, 2010; Holloway, 2012; Ehrhart et al., 2013; Rahimic, 2013; Moghimi and Subramaniam, 2013; Taştan and Güçel, 2014; Probst, 2015). In this context, the skills, abilities and the knowledge of an employee within the context of the organizational climate is a crucial factor that may render an organization to succeed in their entrepreneurial abilities. Nevertheless, the effects of various organizational climates on individual-level employee outcomes have been surprisingly under-researched (MacCormick and Parker, 2010). There is little research output on how such initiatives have been affected by the organizational climate within the hotels. In this study, we aim to broaden the avenue for organizational climate studies in the entrepreneurship domain in hotels within the developing countries. The aim of the current study was to determine how organizational climate is related to intrapreneurial behaviour in hotels along the Kenyan Coast.

## 2. Literature Review and Theoretical Framework

### 2.1. Intrapreneurial Behavior

Intrapreneurial behavior describes the entrepreneurship within an existing organization (Antoncic, 2007) and has roots in entrepreneurship literature, extending to management literature (Antoncic and Hisrich 2004; Heinonen and Korvela, 2003). In their precise conceptual definition of intrapreneurial behavior, Antoncic and Hisrich (2003) defined the concept as the pursuit of creative or new solutions to challenges confronting the firm, including the development or enhancement of old and new products and services, administrative techniques and technologies for performing organizational functions, as well as changes in strategy, organizing, and dealing with competitors. The domain of intrapreneurial behavior has been defined in various concepts such as intrapreneuring (Pinchot, 1985), internal corporate entrepreneurship (Jones and Butler, 1992), and corporate entrepreneurship (Antoncic and Hisrich, 2004a).

Intrapreneurship drives organizational profitability, survival, growth, strategic renewal, fostering innovations, and enhance revenue streams (Heinonen and Korvela, 2003; Alpkhan et al., 2010). Intrapreneurship can enable employees within an organizations pursue opportunities without regard to the resources they currently control (Stevenson and Jarillo, 1990). This implies that intrapreneurial behavior was doing new things and departing from the habitual to pursue opportunities.

### 2.2. Antecedents of Intrapreneurial Behavior

Several researchers have attempted to understand the elements that stimulate or effect intrapreneurial behavior. Areas such as external environment, organization, organizational strategies and research and development activities, management activities and organizational culture have been linked with intrapreneurial behavior. (Scott et al., 1994; Antoncic and Hisrich, 2001; Heinonen and Korvela, 2003; Antoncic and Zorn, 2004; Sebora and Theerapatvong, 2010; Schneider et al., 2013). Basically, the literature on intrapreneurial behavior has identified two main categories of antecedents: one pertains to the external environment of the firm, the other to its organizational characteristics. The external environment has been viewed as a determinant of entrepreneurial activity at the organizational level (Taştan and Güçel, 2014). It was indicated that the more dynamic, hostile and heterogeneous the environment, more emphasis the organization puts on intrapreneurial activities. Researchers explained and predicted intrapreneurship and its outcomes with internal variables and external environment variables by building on contingency theory models (Antoncic and Hisrich, 2004; Antoncic, 2007). The other category named as organizational characteristics has been viewed as a determinant of intrapreneurial activity at the individual level.

Previous research has focused on characteristics of intra organizational environments that could represent stimulants or antecedents for intrapreneurship development (Antoncic and Zorn, 2004). Organizational characteristics (communication openness, control mechanisms, environmental scanning intensity, organizational and management support, organizational climate, organizational values) compose the group of predictors of intrapreneurship (Antoncic, 2007).

### 2.3. Organizational Climate and Intrapreneurial Innovative Behavior

With a pioneering definition, organizational climate is a set of individual, organizational and environmental character features which gives an identity to the organization and has an effect on their behaviors (Friedlander and Greenberg, 1971). The most common management issue faced by organization in this present day is search for creative flexible work environment that promotes job satisfaction and innovation (De Clercq and Rius, 2007). Organizations with strong innovative climates support the development of novel and useful ideas, challenge old ways of doing things, and encourage employees to learn from others inside or outside the organization (Van der Vegt et al., 2005). There is evidence of positive relationships that innovative climate has with both individual creativity and team innovation (Eisenbeiss et al., 2008).

Second, proactive climate refers to the shared perception among employees that self-starting action is encouraged, which stimulates employees to seize opportunities before competitors take the initiative (Sebora and Theerapatvong, 2010). Proactive climate is important in successfully pursuing innovation because it arouses a sense of personal initiative among employees and allows them to proactively handle unexpected issues in the workplace (Frese et al., 1996; Michaelis et al., 2010). Rekha (2006) noted the increasing importance of workplace climate on employee job satisfaction, creativity, motivation and retention. Finally, self renewal climate refers to the shared perception among organizational members concerning the tolerance of uncertainty in the organization (Ekvall, 1996). In strong self renewal climates, people are permitted to make decisions even when they lack desirable information and certainty (Isaksen and Ekvall, 2010). With this understanding in mind, we investigate the roles of organizational climates (i.e., innovative, proactive, and self renewal climates) in facilitating employees' employee innovative behaviour and innovative behavior. In between organizational climate and company performance, employee plays an important role because employee's job satisfaction is highlighted as the mediator between organizational climate and company performance (Patterson et al., 2004). There is plenty of information on organizational climate and its impact on firm's overall performance is many, and Ostroff and Bowen (2000) have proposed that organizational climate is a bridge that links HRM and performance.

More particularly, the extant literature has confirmed the links between organizational climate and employee performance, productivity, job satisfaction, organizational commitment, organizational justice, motivation, anxiety, intention to leave, and organizational effectiveness (e.g., Zhang and Liu, 2010; Holloway, 2012; Cardon et al., 2013; Rahimic, 2013). In the literature, organizational climate has been studied as an independent or intervening variable between organizational systems and motivational tendencies variables, and as one of the system determinant, the concept has been indicated as influencing motivational tendencies of the individuals and organizational consequences (e.g., Litwin and Stringer, 1974; Ergülen, 2011). It was revealed that organizational climate created a sense of belonging for employees and the characteristics of the climate which are internalized by individuals are related to a variety of employee behavioral outcomes. When employee's perceived a supportive climate, they exhibited positive behaviors. On the basis of that rationality, in the current study, we discussed how perceived organizational climate was related to intrapreneurial behavior.

Despite its importance and calls from prior research, 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). There is also lack of climate research in many hotels firms is quite evident. This is unfortunate as several organizational climates in hotels in the literature appear particularly relevant to entrepreneurial firms due to their substantial implications for individual innovative behavior.

Before we propose the hypothesized relationships, it is important to discuss the organizational climates that we may expect to find in entrepreneurial firms. Miller (1983) proposed that entrepreneurial organizations, which promote innovation, are characterized by high levels of innovativeness, proactiveness, and self-renewal. Based on this premise, entrepreneurship researchers developed the well-known construct called entrepreneurial orientation (EO). EO has generally been described as an organization's strategy-making process, firm-level strategic posture, and internal organizational practices (De Clercq and Rius, 2007; Rauch et al., 2009). Correspondingly, these three dimensions of EO have not been applied to organizational climate research in an entrepreneurial context in many hotel industries. However, if EO is reflected in firm processes and practices, these organizational attributes can be perceived by employees and accordingly contribute to the development of organizational climates.

### 2.4. Theoretical Framework

Social Identity theory suggested that an individual's sense of self exerts a significant effect on his or her perceptions, attitude and behaviors (Tajfel and Turner, 1985). Tajfel (1978) defined social identity as "that part of an individual's self concept which derives from his or her knowledge of his or her membership to social group (or social groups) together with the value and emotional significance attached to that membership". Based on the rationality of Social Identity Theory, Mael and Ashforth (1995) have asserted that organizational identification is a specific form of social identification where the individuals define themselves in terms of their membership in a particular organization. Organizational identity have also been seen as consisting of attributes that members feel are central, distinctive, and enduring, or it may refers broadly to what members perceive, feel, and think about their organization. Moreover, it was indicated that individuals' evaluation of whether the organization's identity is favorable or unfavorable is based on the individuals' subjective assessment of (a) those subjective factors believed to comprise an organization's identity, and (b) the perceived attractiveness of those compositional factors as they are understood by the organizational member (Dukerich et al., 2002).

### 3. Methods

#### 3.1. Research Approach and Design

This study adopted a cross-sectional and empirical study approach using primary data sources. The research was both of a descriptive and explanatory nature. A research method involving a modified structured survey instrument was administered to a sample of employees at various hotels at the Kenya Coast. The study adopted a mixed research design which included qualitative and quantitative research to establish the associations among the key study variables, to verify results and enable greater accuracy in measurement.

#### 3.2. Sample and Data Collection

We collected the multilevel data from 33 hotels that deal with tourists and sampled 89 employees working in those companies. Such hotels have limited track records and histories – all conditions that demand a high level of innovative efforts on the part of the employees (Katz and Green, 2007). We used a systematic sampling procedure with multiple steps to select the hotels. We adopted a random sampling technique (i.e., picking up every 3th name from the list of the approximately 106 hotels). Then, we sent out invitational emails to CEOs of the hotels, and asked them to participate in the survey and to distribute the subordinate survey to their three to four immediate subordinates randomly. A total 23 hotels CEOs and 65 employees' questionnaires were returned (69.7% response rate for the organizational level, 73.9% response rate for the individual level). The socio-demography of the respondents is provided in Table 1. Most of the CEOs and employees worked for company with 10 to 100 employees. 74% of the CEOs and 52.3% of the respondents was males. The average age of the CEOs was 36.7 years (SD = 11.1) while that of the subordinates was 34.4 years (SD = 13.4). The average work experience for the CEOs was 8.9 years (SD = 4.4) while that of the subordinates was 11.6 years (SD = 5.7). On average, most of the CEOs and employees attained a college level of education. In the survey, employees reported their innovative behaviours at the hotels and their various climates.

#### 3.3. Measures

##### 3.3.1. Organizational Climates

To assess organizational climates in entrepreneurial firms (i.e., innovative, proactive, and self renewal climates), we adopted the items from Schneider's (1990) by selecting definition of organizational climate (i.e., the shared perceptions of employees concerning the practices, procedures, and kinds of behaviors that get rewarded and supported in a particular setting). This definition suggests several psychometric guidelines: (a) The reference of the climate items is the unit, indicating that the climate should be measured beyond individual-level; (b) climate perceptions suggest what is psychologically meaningful and salient to the individuals concerned; and (c) the construct of interest is believed to be shared by unit members. Accordingly, we made modifications to the wordings of the selected items in order to adequately measure each dimension of organizational climates in a hotel organization. Second, we pre-tested the items with two management scholars to further evaluate the content validity of the items. Next, we added additional climate items from previous literature, such as innovative climate (3 items from Patterson et al., 2005), proactive climate (3 items from Baer and Frese, 2003), and self-renewal climate (3 items from Hughes and Morgan, 2007). Based on these procedures, we developed 18 items to assess innovative, proactive, and self renewal climates (6 items for each).

Type of hotels	CEOs Employees		Employees	
	Frequency	Percent (%)	Frequency	Percent (%)
Large (>100 employees)	4	417.4	16	24.6
Medium (10-100 employees)	13	56.5	27	41.5
Small (Less than 10 employees)	6	26.1	22	33.8
Gender				
Male	17	73.9	34	52.3
Female	6	26.1	31	47.7
Age distribution				
<25 years	1	4.3	5	7.7
25-35 years	5	21.7	23	35.4
36-55 years	13	56.5	31	47.7
> 55 years	4	17.4	6	9.2
Working experience				
< 4 years	3	13.0	13.8	13.8
4 to 10 years	11	47.8	31	47.7
> 10 years	10	43.5	24	36.9
Level of education				
Secondary	3	13.0	11	16.9
College	18	78.3	44	67.7
University	2	8.7	9	13.8

Table 1: Profiles of the Respondents

With these 18 items, employees assessed their respective company's climates on a five-point Likert-type scale (where 1 = "Strongly disagree" and 5 = "Strongly agree"). Finally, we conducted a factor analysis with an item parceling approach on the three organizational climates to assess whether the organizational climate items have three distinct factors. The result demonstrated that the three-factor model has a good fit to the data ( $\chi^2 = 70.231, p < 0.01$ ).

### 3.3.2. Employees Innovative Behaviour

The respondents responded to a six-item measure of employees' innovative behavior developed by Scott and Bruce (1994). These items assess innovative behavior by asking a supervisor to rate the innovative behavior of each subordinate on a five-point Likert-type scale (where 1 = "Strongly disagree" and 5 = "Strongly agree"). Example items include "Searches out new technologies, processes, techniques, and/or product ideas," and "investigates and secures resources needed to implement new ideas."

### 3.3.3. Validity and Reliability of the Instrument

The internal reliability (Cronbach  $\alpha$ ) Content validity index (CVI) was calculated (Table 2). As can be observed from the results below, all the variables had Cronbach Alpha coefficients and CVI values well over 0.5 in either case, proving that the research instrument used to collect data from the respondents was considered appropriate and could yield similar results at all time.

Variable	Anchor	Cronbach alpha value	Content validity index (CVI)
Intrapreneurial innovativeness behaviour	5 points	0.63	0.82
Innovative climate	5 points	0.66	0.77
Proactive climate	5 points	0.71	0.73
Self-renewal climate	5 points	0.87	0.78

Table 2: Reliability Coefficients and CVI for the Study Variables

		Mean	SD	Min	Max	1	2	3	4	5	6	7	8
1.	Gender					1.00							
2.	Age	35.21	10.23	21.00	61.33	0.03	1.00						
3.	Work experience	10.33	5.66	0.55	24.54	-0.05	0.08	1.00					
4	Education	2.45	0.73	1.00	3.00	0.10	0-0.01	-0.04	1.00				
5.	Innovative behaviour	2.52	0.51	1.31	4.33	-0.05	0.13	0.21	0.21	1.00			
6.	Innovative climate	2.43	0.32	0.31	3.65	-0.03	-0.18	-0.09	0.06	0.39*	1.00		
7.	Proactive climate	2.33	0.33	2.44	4.33	0.09	-0.57*	-0.11	0.33	-0.12	0.87*	1.00	
8	Self-renewal climate	2.43	0.21	2.22	3.52	0.66*	-0.82*	0.21	-0.17	0.84*	0.56*	0.61*	1.00

Table 3

\* $P < 0.05$

<sup>A</sup> Means, Standard Deviations, and Correlations for Variables Were Calculated Between Individuals ( $N = 88$  Employees), for the organizational Climate Variables, the Mean, Standard Deviation, and Correlations Were Calculated Between Groups Using aggregated Scores for Variables ( $N = 33$  Hotels).

<sup>B1</sup> = Male; 2 = Female.

<sup>C1</sup> = Secondary School; 2 = College; 3 = Bachelors Degree

### 3.4. Analytical Approach

Given that the data were from multilevel, nested sources (i.e., employees and CEOs), we tested our hypotheses using multilevel structural equation modeling (MSEM, Preacher et al., 2010). In this study, we used a model with innovative, proactive, and self renewal climates at the organizational level and employee innovative behavior. The convenience of MSEM relative to conventional multilevel modeling becomes more apparent as the models become more complex (Preacher et al., 2007). Specifically, the MSEM approach permits us to investigate the moderating effect of proactive climate on the relationship between innovative climate and innovative behaviour, and the moderating effect of self renewal climate on the relationship between employee innovative behavior and innovative behavior simultaneously, rather than in two-steps as the conventional multilevel modeling framework requires. All MSEM analyses were reported with one-tailed statistics. One-tailed tests are appropriate to test directional research hypotheses, which is the case in our study.

## 4. Results

### 4.1. Descriptive Statistics

Table 3 reports the descriptive statistics and correlations for all measures. Table 3 shows that innovative and self renewal climates were positively and significantly correlated with employee innovative behaviour ( $P < 0.01$ ), but proactive climate was not significantly correlated with employee innovative behaviour ( $P > 0.05$ ).

### 4.2. Tests of Hypotheses

Hypothesis 1 stated that innovative climate significantly affected the employee innovative behaviour. To test Hypothesis 1, we used the MSEM approach. In the approach, multiple indicators were used to assess variables of innovative climate and innovative behavior. Then, innovative climate  $\rightarrow$  employee innovative behaviour was estimated. The results in Table 4 show that innovative climate was positively related to employees' employee innovative behaviour ( $B = 2.553$ ,  $P < 0.05$ ). The MSEM approach also provided fit indices for the indirect effect, and these indices showed a satisfactory model fit ( $\chi^2 = 32.37$ ,  $P < 0.01$ ).

Model	B	SE	t
Within level			
Dependent variable: Innovative behaviour			
Gender	0.003	0.134	0.021
Age	0.093	0.082	1.021
Work experience	0.015	0.012	2.943*
Education	0.006	0.012	3.123*
Innovative climate	0.033	0.021	4.123*
Proactive climate	0.092	0.012	1.324
Self-renewal climate	0.071	0.029	2.883*
Mediating variables			
Innovative climate	2.553	1.002	5.234*
Proactive climate	-1.073	1.231	1.084*
Self-renewal climate	3.082	0.013	3.652*
Innovative climate $\times$ Proactive climate	3.564	0.884	2.854*

Table 4: Results for Multilevel Moderated Mediating Effects

\* $P < 0.05$  (One Tailed P Value)

In addition, there was no significant cross-level direct relationship between innovative climate and innovative behavior ( $B = 0.15$ , n.s.), suggesting a full-mediation model. Therefore, hypothesis 1 was supported. Hypothesis 2 proposed that proactive climate would significantly affect employee innovative behaviour. We established there was no significant interaction effect between proactive climate and employee innovative behaviour ( $B = -1.073$ ,  $P > 0.05$ ), as shown in Table 4. Hypothesis 3 predicted that self renewal climate would enhance significantly affect employee innovative behaviour. There were significant interaction effect between self renewal climate and employee innovative behaviour ( $B = 3.082$ ,  $P < 0.01$ ). Finally, we tested the effect of combined innovative climate  $\times$  proactive climate on innovative behavior of employee and the results were significant ( $B = 3.564$ ,  $P < 0.01$ ). The MSEM approach also provided fit indices for the model, and these indices showed a satisfactory model fit ( $\chi^2 = 34.54$ ,  $P < 0.01$ ).

## 5. Discussion

Today's managers have to face rapidly changing and fast paced competitive environments and they are challenged to manage a wide variety of uncertainties. To cope with such challenges, the firms are increasingly turning to employee intrapreneurship as a means of growth and strategic orientation (Taştan and Güçel, 2014). Adopting intrapreneurship for establishing a long turn intrapreneurial orientation and strategic implementation has been also considered as a strategic choice (Jacobs and Kruger, 2001). Therefore, we suggest that enhancing intrapreneurial behaviors via supportive and innovative organizational climates should be seen as a crucial process among strategic planning approaches of the organizations. As such, this study integrated theory and practice from the fields of management, organizational behavior, strategic management and intrapreneurship. The results of the current study have revealed that all variables of the research model had significant relationships between each other. The regression analyses reported that organizational climate dimensions of structural support and organizational recognition had significant positive effects on both organizational identification and intrapreneurial behavior construct. These findings supported the previous literature evidences which have indicated that organizational climate and organizational identification of employees had association with employee outcomes of intrapreneurial behaviors (e.g., Heinonen and Korvela, 2003; Antoncic and Hisrich, 2004; Antoncic and Zorn, 2004; Fitzsimmons et al, 2005; Antoncic, 2007; Ergülen, 2011). Thus, the current study confirmed that organizational climate is regarded as a sense of belonging for employees and the characteristics of the structural support and recognition served by the organization which are internalized by individuals are related to an employee innovative intrapreneurial behaviors. This result can be supported with the implications of "social exchange theory", "social identity theory" and "organizational climate typology" since employees shows intrapreneurial behaviors in accordance with their

identification with the organization and how much they are structurally supported and recognized by the organization. In this study, establishing an intrapreneurial behavior in the organizations were viewed from a strategic management point of view since it has been addressed that intrapreneurial behavior has crucial role in improving organizational competitiveness and enhancing growth.

In this study we develop a multi-level, moderated mediation model in which three organizational climates uniquely and interactively affect employee innovative behaviour. Our findings suggest several conclusions. First, organizational innovative climate is positively associated with employee innovative behavior. Second, the relationship between innovative climate and employee innovative behaviour becomes stronger as proactive climate increases. Third, the relationship between employee innovative behaviour and innovative behavior becomes stronger as self renewal climate increases. Finally, the indirect relationship innovative climate has with innovative behavior through employee innovative behaviour is the strongest when proactive and self renewal climates are both high. These findings are insightful and have both theoretical and practical implications.

First, given the scarcity of research on the cross-level effects of organizational climates on employee outcomes, one important implication from our findings is that organizational innovative climate significantly related to individual innovative behavior. In addition, our findings relate to and extend De Clercq and Rius (2007) who defined EO (i.e., innovative, proactive, and self renewal) as "internal organizational practices and procedures" conducive to entrepreneurial behavior (p. 475) and found that employees' perceived EO was positively related to their organizational commitment and effort at the individual level. Another important contribution from the current investigation was the demonstration of a relationship between organizational innovative climate and employee innovative behavior. This result suggests that organizations with strong innovative climates can stimulate employees' employee innovative behaviour, which in turn encourages employees to engage in generating new ideas and implementing these new ideas. In general, our findings are important to developing and refining the organizational climate literature that has established the linkage between innovative climate and employee innovative behavior (e.g., Jung et al., 2003; Patterson et al., 2005; Kang et al., 2015). Our results also contribute to a developing research literature that reveals the important role of employee innovative behaviour in the creation of innovative ideas in entrepreneurial teams and organizations. We also show that various organizational climates interactively relate to employee innovative behavior. Our results suggest that interactive effects between various organizational climates can explain employee outcomes in greater detail than the solitary direct effects of organizational climates. Our findings answer calls for research that examines the effects of various organizational climates on employee outcomes simultaneously. These results also complement Chang and Chen's (2013) argument that both employees' innovative cognitive style and proactive tendency may promote employee creativity, and Baer and Frese's (2003) finding that companies with both high innovative and proactive climates performed better than others. It is also notable that proactive and self renewal climates played unique roles in different stages of the moderation (i.e., first and second-stage moderation effect, Edwards and Lambert, 2007), and the specific positions of these moderators in the model are theoretically meaningful.

Our findings also have implications for organizations and managers. For example, entrepreneurial organizations that wish to reap the most possible benefits of employee innovative behavior must facilitate certain organizational climates that complement each other and are supportive of and conducive to such behavior. For example, if employees do not collectively perceive high proactive and self renewal climates in their organizations, the full benefits of an innovative organizational climate on employee innovative behavior cannot be achieved. Second, organizations and managers in entrepreneurial firms should enhance employees' employee innovative behaviour to facilitate employees' innovative behavior. However, to facilitate employee's employee innovative behaviour, it may not be sufficient for an entrepreneurial organization to simply emulate the general work environment and structure of the organizations it admires. It is quite possible that these entrepreneurial organizations still fail to build an environment where employees feel inspired and comfortable exhibiting creativity. Our findings suggest that to enhance employees' employee innovative behaviour, entrepreneurial organizations need to enhance both innovative and proactive organizational climates, which involves top managers' enduring commitment and efforts. Related to the above issue, building a climate of innovation is necessary but not sufficient to produce sustained innovative behavior; rather the way in which climate is channeled (i.e. by fostering employee innovative behaviour) is critically important. Thus, organizations and managers who recognize the importance of organizational climate and work hard to develop and maintain a climate of innovation in their organizations need to invest in giving employees opportunities to express and develop their individual employee innovative behaviour. It should be stated that the takeaway from this study is not that these three climates can coexist; rather, the takeaway is that these three climates should coexist. Entrepreneurs often search for new ways to continually cultivate within their employees an employee innovative behaviour and a propensity for innovative behavior. To really spur innovative behavior, firms need both proactive and self renewal climates too. Using a multi-level model, this study identifies the complex relationships among organizational climates within entrepreneurial firms.

## 6. Limitations and Future Research Directions

The findings and implications of this study should be interpreted with its limitations in mind. First, this study is based on a cross-sectional research design, which makes it difficult to establish causal relationships among the variables. We expected organizational innovative climate to positively affect employees' innovative behavior through their employee innovative behavior, but we cannot rule out the possibility that organizational climate for innovation is created by the continued occurrence of passion-driven innovative behaviors, and innovative efforts may lead to passion (Gielnik et al., 2015). Future research needs to use a longitudinal design to test the causal directionality more rigorously, and to examine

how employee innovative behaviour and innovative behavior reinforces one another over time. Thus, future research would benefit from assessing the difference between a general proclivity and a situational passion for innovation, and examining the causal relationships among a general proclivity for innovation, organizational climates, and a situational employee innovative behaviour. As such we used a single measure in this study. However, it would be beneficial for future studies to develop measures of innovative behavior in a way that better capture the multi-stage process and then apply these measures in a longitudinal research design, possibly to see how the different stages are affected by different climates. Third, the sample size was relatively small at both the individual level (23 CEOs and 65 subordinates). As such, we suggest that future research attempts to validate our findings with a bigger sample size at both individual and firm levels and with a more rigorous methodological approach (e.g., a two-tailed test). Indeed, our findings may be only a conservative estimate of the true effect these climates 'interactions have, and as such we have shed the initial light on a world of possibilities. Yet, it should be conceded that mature and large organizations with established climates and lessrisky and unstable business contexts may be limited in what they may do with their climates given extant, shared perceptions among employees, intervening levels of management, and prevailing managerial philosophy. Thus, the effects of the climates identified in this study on employee behavior may differ in large organizations. To ensure their generalizability, our results must be replicated with samples from large and mature organizations.

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