CONTINUOUS CREATION OF ENTREPRENEURIAL ORIENTATION: A REWARD AND REINFORCEMENT PERSPECTIVE

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Abstract

Entrepreneurial orientation is important for organization’s sustainability. However, there are continuous debates discussing about organizational factors that activate entrepreneurial orientation among employees. Using data for three cement manufacturing companies in the southern part of Peninsular Malaysia, this study examined the influence of reward and reinforcement in creating entrepreneurial orientation among employees. A quantitative research occupying a web based online survey was adopted in the research. Three hypotheses examining the relationship between reward and reinforcement and three entrepreneurial orientation dimensions were formulated and tested in the research. With a response rate of 70.4 per cent, the statistical finding revealed that reward and reinforcement has significant relationship with only innovativeness while it has failed to provide similar evidence of significant association for risk-taking and also pro-activeness.

Keywords: reward and reinforcement; entrepreneurial orientation; innovativeness; pro-activeness; risk-taking

DOI: https://doi.org/10.30880/jtmb.2018.05.02.005

1.0 Introduction

There are many organizational factors that influences behaviour of employees (Lau et al., 2012). Considerable emphasis placed in the research to identify organizational factors that cultivate entrepreneurial orientation in the organization. However, in order to achieve an entrepreneurial climate, it is important for the organization to continuously self-renew, hence, focus on capturing opportunities and be innovative (Ireland et al., 2009). Creation of strategic entrepreneurial vision requires that the organization develops norms and behaviours that fosters entrepreneurial processes in the organization (Ireland et al., 2009). Therefore, the literature emphasized that an internal environment remains an essential factor that facilitates such behaviours among the organizational members (Antoncic & Hisrich, 2002). In view of this, Bhardwaj et al (2011) highlighted that a reward system in the organization influences the behaviour of employees to assume specific roles and responsibilities that encourages entrepreneurial intentions. However, one of the major challenges in using reward and reinforcement as a means of cultivating entrepreneurial orientation among employees is that the effect of entrepreneurial actions requires longer time to be realized and recognized (Manne, 2011). Usually, it will be realized long after it occurs and might require longer time for the impact to be measured.

Hence, the aim of this research is to understand the influence of reward and reinforcement in activating entrepreneurial orientation among employees. It was envisaged that three dimensions of entrepreneurial orientation namely innovativeness, risk-taking and proactiveness will be enhanced when there is reward and reinforcement for employees’ entrepreneurial attempts. In terms of research objectives, this research attempts to examine the propensity of individual employees to behave entrepreneurially at work. Therefore, the research questions of this paper are threefold: 1) how reward and reinforcement is related to employees being innovative at work? 2) risk-taking employees are motivated by existence of rewards and reinforcement structure in the organization? And 3) being
proactive to engage into entrepreneurial behaviour requires reward and reinforcement in the workplace? These findings will help the all kind of organization to redesign its environment by indicating areas that require change, catering for current and future business needs, while indicating the present gaps to foster and realize entrepreneurial orientation activation among employees. This will be the major significance of this study aside offering important insights to future researchers in building stronger theoretical understanding of the entrepreneurship research.

2.0 Literature Review

2.1 Reward and Reinforcement

Generally, creation of entrepreneurial behaviour among employees will not materialize unless the employees perceive that they will be rewarded accordingly. Recognition for their significant contribution or exceptional entrepreneurial performance is what an employee expects in pursuit of entrepreneurial intention activation although Moghaddam (2017) claims that rewards may not necessary influence a decision-making process to attempt new endeavours. Stevenson and Gumpert (1985) indicated that when an employee is rewarded for the performance, they remain intact with the organization and increase their loyalty to the organization. Kuratko, Ireland, Covin, and Hornsby (2005b) indicated that rewards and reinforcement concerns with development and utilization of system which analyses reward based performance structures while highlighting employees’ significant achievement with an aim to encourage employees to pursue more challenging work. In addition, Mohammad Reza & Amir Hossein (2013) highlighted that in pursuit of challenging work, performance based reward and reinforcement systems are playing an important role in engaging employees towards significant achievements. Usually, rewards and reinforcement will be drawn and put in practice in the organization to recognize performance, significant achievements, and important contributions. This is done by developing and using systems which capture employees’ continuous performance to encourage undertaking of challenging tasks. Salvato (2002) found that compensation systems which reward employees positively associated with entrepreneurial orientation. The entrepreneurship literature has discovered that in order for an organization to spur entrepreneurial mindset among employees, it should have in place an effective reward system which must consider individual responsibility, their goals, and resulting feedback driven by results-based incentives. It may take the form of financial, status and power, career and personal development, as well as the psychological motivators; self-actualization, esteem, and social rewards such as friendships and a sense of belonging (Morris & Kuratko 2002).

Therefore, an appropriate use of rewards (Scanlan, 1981; Souder, 1981; Kanter, 1985; Sathe, 1985; Block & Ornati, 1987; Sykes, 1992; Barringer & Milkovich, 1998) is imperative in activating entrepreneurial orientation among employees which also creates entrepreneurial competencies (Turner and Pennington, 2015). Research undertaken by Twomey and Harris (2000) found that reward and reinforcement systems and entrepreneurial behaviour of employees correlate positively illustrating that an effective reward program promotes the entrepreneurial mindset. This notion is supported by the expectancy theory which explains the belief that accomplishment of a given task and/or goal will result at an appropriate reward decides the amount of effort an employee invests in achieving the task objectives (Sebora & Theeraptvong 2010). However, the reward is not necessarily to be in the form monetary values. De Jong and Den Hartog (2007) highlighted that recognition and praise can also be considered as an element of a reward system. On the other hand, Burns (2008) added that many other forms of reward such as reputational gains, favourable working conditions, access to valuable knowledge, and the opportunity to take on greater responsibility are also highly regarded by employees as rewards. The monetary awards and recognition remain important, however, the type of rewards in spite of amount of reward found to be more important in activating entrepreneurial orientation among employees (Bhardwaj et al., 2011). Nevertheless, in the effort of exploration and also exploitation of entrepreneurial activities, it is detrimental to keep a balance of both of this aspects by closely monitoring and rewarding the entrepreneurial behaviours since both of them constitute to the organizational entrepreneurship (Mazzei, Ketchen & Shook, 2017).
2.2 Entrepreneurial Orientation

Foundational philosophy of an organization will be its orientation (Miles & Arnold, 1991). A large stream of research has examined entrepreneurial orientation theoretically and empirically. Considerable effort was invested to comprehend the area of entrepreneurial orientation for the past 30 years since it has critical importance to many organizations which aspires to grow continuously. Entrepreneurial orientation refers to an organization’s effort to discover and exploit entrepreneurial opportunities (Wiklund & Shepherd, 2003) as well as how a new entry is successfully managed (Lumpkin & Dess, 1996). According to Janney and Dess (2006), entrepreneurial orientation is an independence of an action which paves way towards new ideas exploration while constantly pursuing new markets to attain market leadership status while portraying to commit itself into entrepreneurial behaviour (Brown, 1996). Therefore, being prepared to face competitive pressures and being adaptive to changing market conditions through various approaches such as technological advancements (Ramachandran, Devarajan & Ray, 2006) and product innovativeness (Miller, 1983) decides the survival and its performance (Covin & Slevin, 1991; Smart & Conant, 1994; Lumpkin & Dess, 2001; Wiklund & Shepherd, 2005; Huges & Morgan, 2007; Tat, Nguyen, Tuyet & Ng, 2007). Hence, it is inferred that undertaking risky business ventures in an uncertain market conditions characterize an entrepreneurial organization (Miller, 1983). However, Nieman, Hough, and Nieuwenhuizen (2003) indicated that entrepreneurial orientation which is the secret of organizational survival should encompass a unique blend of culture, role models, work experience and personal orientation among other factors. Nonetheless, a common consensus across proponents of entrepreneurial orientation research exhibit that various methods, processes, structures, practices, decision making styles, culture, autonomy disposition, experimentation, risk-taking behaviours, aggressiveness and other related factors drives the entrepreneurial orientation in the organization (Covin & Slevin, 1989; Lumpkin & Dess, 1996; Janney & Dess, 2006), hence considering all dimensions of entrepreneurial orientation remain relevant in entrepreneurial research (Kreiser, Marino & Weaver, 2002). Therefore, it can be concluded that it involves product and process innovations (Ireland & Webb, 2007), processes, practices, philosophy methods, styles, and decision-making activities ((Lumpkin & Dess, 1996; Atuahene-Gima & Ko, 2001; Lumpkin & Dess, 2001; Zhou, Yim & Tse, 2005; Kropp & Zolin, 2005; Wiklund & Shepherd, 2005; Li, Huang & Tsai, 2009) with an entrepreneurial mindset (Lumpkin & Dess, 1996).

Researchers such as Kanter (1983), Miller (1983) and MacMillan and Day (1987) provided initial foundations in identifying salient dimensions of entrepreneurial orientation. The primary literature of entrepreneurial orientation draws that the central characteristics of entrepreneurial orientation are innovativeness, risk-taking and proactiveness (Miller, 1983). However, an extension of the entrepreneurial orientation research by Lumpkin and Dess (1996) suggested an inclusion of two more dimensions to the existing list, that is competitive aggressiveness and also autonomy. Although Lumpkin and Dess (1996) extended the existing dimensions of entrepreneurial orientation, conceptualization of entrepreneurial orientation requires consideration of several competing approaches within the area of entrepreneurship (Linton & Kask, 2017). First and foremost, this construct can be viewed as formative construct or reflective construct (Linton, 2016). Next, it can also be tested as attitudinal construct, behavioural construct or both (Miller, 2011). Apart from that, additional dimensions suggested by Lumpkin and Dess (1996) which are competitive aggressiveness and autonomy has raised issues of pertinence and operationalization of these dimensions and has been subject to criticism in the literature (Basso et al, 2009). The criticism indicated that competitive aggressiveness and proactiveness are undistinguishable and that they are synonymous (Covin & Slevin, 1991) while autonomy is present in risk-taking dimension. Therefore, Basso et al (2009) cautioned that occupying these two dimensions together with primary dimensions suggested by Miller (1983) may result at overlapping effects. Considering these overlapping effects, various researchers (e.g. Miller, 1983; Morris & Paul, 1987; Covin & Slevin, 1989, 1991; Zahra, 1991; Zahra, 1993; Zahra & Covin, 1995; Knight, 1997; Kreiser, Marino, & Weaver, 2002; George & Marino, 2011; Kask & Linton, 2013b; Wales, 2016) highlighted that the original three dimensions are the frequently
described dimension and that it is useful to keep only these dimensions as prominent dimensions in the entrepreneurial orientation research.

2.3 Innovativeness

One of the most prominent factors that enable an organization to stay competitive is innovation (Bueno & Ordonez, 2004). The tendency to develop creative solutions occupying new methods and technological advances explains innovation (Lumpkin & Dess, 1996) resulting at unusual solutions to the problems (Lumpkin & Dess, 1996; Lumpkin & Dess, 2001; Certo, Moss, & Short, 2009). According to Edison, Nauman and Torkar (2013), the relevance and importance of innovativeness in the entrepreneurship literature was first discussed by Schumpeter (1949) before it was thoroughly debated by several scholars in the last three decades. On a broad view, strong commitment from organizations to create and introduce new products, services, processes in the market supported by technological advancements characterize innovativeness. Early research in view of innovation indicated that innovative organization able to respond to internal and external factors, hence, adapting to the current market competition (Hull & Hage, 1982). Covin and Miles (1999) indicated that entrepreneurship would not exist without innovation. Platin and Ergun (2017) argue that reward system reflects the management support in promoting innovativeness as a way of fostering entrepreneurial intentions. In line with this claim, entrepreneurship literature provides adequate evidence that innovation is the widely-examined dimension of entrepreneurial orientation. Innovation which largely employ skilled workers (Lumpkin & Dess, 1996) found to take many form throughout the literature. Among others, it includes products and process innovation (Slater & Narver, 1995; Ireland & Webb, 2007) through technology and engineering, methods (Moris & Kuratko, 2002), research and development activities (Ginsberg & Venkataraman, 1985; Morris & Paul, 1987; Covin & Slevin, 1989; Schafer, 1990), new idea generation and experimentation (Slater & Narver, 1995) and new management systems, control techniques and new organizational structure for effective administration in order to achieve competitive advantage. However, Lumpkin and Dess (1996) simplified it by categorizing innovation to specific categories: i. product innovation, ii. market innovation and iii. technological innovation which ultimately aims to depart from existing processes and practices towards a new state of art. In view of this, generally product design, market research, and advertising and promotion can be classified as product and market innovation (Miller & Friesen, 1978) and technological innovation involves product development, process development, engineering, research and development (Neely & Hii, 1998) and technical expertise and industry knowledge (Maidique & Patch, 1982). Nevertheless, innovation should be complemented by opportunity seeking and advantage seeking dimensions to create sustainable competitive advantage so that innovativeness and innovative capabilities are evident in the organization (Covin & Miles, 1999). This is because there is intertwined connection and relationship between entrepreneurial orientation, innovation performance and the remaining dimension of entrepreneurial orientation (Zahra, Jennings, & Kuratko, 1999).

2.4 Risk-Taking

Stiff competition in the market place indicates that every organization is required to engage themselves in risky endeavours to capitalize the available opportunities. In order to do so, the organization is required to inculcate an organizational culture driven by entrepreneurial orientation which enable continual survival. Entrepreneurship research highlights that entrepreneurs are generally risk seekers or at least less risk averse than others. An organization which commits large amount of resources with an aim of high returns encourages risk-taking orientation in the organization (Shapiro, 1994). According to Lumpkin and Dess (1996), the degree to which each individual differs in their willingness to take risk constitute to the entrepreneurial orientation element of risk taking. However, other researchers such as Brockaus (1980) posit that a characteristic of an entrepreneur cannot be distinguished by looking at the propensity to take risk because such behaviours are found to be common among new venture entrepreneurs. Willingness of the managers to make commitments which are large and risky describes a risk-taking behaviour (Miller & Friesen, 1978) apart from being
bold in attempting risk endeavours (Miller, 1983). Additionally, Lumpkin and Dess (2005) informed that willingness in pursuing an opportunity in an uncertain condition without having certainty of the outcome of such attempts can also be considered to be risk-taking behaviour. This view was also further strengthened by Saravathy, Simon, and Lave (1996) who found that entrepreneurs are more prone to accept risks in their daily business activities. However, Coulthard (2007) highlighted that while risk-taking may result at an unexpected outcome, resource commitment alone may not reflect the holistic view of risk-taking behaviour, instead, an organization’s ability to accept costly failures of risky endeavours is also important to encourage the risk-taking behaviour in the organization. Nevertheless, acceptance of costly failures cannot be misused in the organization, and it is important to promote calculated risk-taking behaviour in order to minimize the unexpected costly failures as a result of risk acceptance (Jennings & Lumpkin, 1989). In view of this claim, Morris (1998) clarified that usually entrepreneurs are moderate and calculated risk takers and they are aware of risks associated with their risky attempts. A literature evidence by Fable and Larwood (1995) further enhanced it whereby their research findings indicated that entrepreneurs score high on risk taking behaviour in comparison to non-entrepreneurs. Therefore, a claim that there is relationship between reward and reinforcement system and also risk-taking behaviour fall in line with assertion by Platin and Ergun (2017) who argues that an existence of appropriate reward system encourages a risk-taking behaviour which in turn creates a tendency to behave more entrepreneurially.

2.5 Pro-Activeness

Relatively a stable tendency of an individual to take action in order to influence the environment for a change is known as proactivity. Proactiveness was first described by Miller and Friesen (1978). According to them, an ability to act ahead of the competition reflects proactiveness among individuals. Venkataraman (1989) who iterate that proactiveness remains as an integral ingredient of entrepreneurship concurs with this claim highlighting that anticipating and acting to seek new opportunities in support of present and future demand which allows an organization to stay ahead of competition best describes proactiveness. Nevertheless, securing and protecting market shares with forward looking perspective are also actions that reflects proactive behaviour in the organization (Covin & Slevin, 1989; Lumpkin & Dess, 1996). In the effort to steadfast the competition, an organization may also adopt information technology advancements, introduce new products and services to tap market opportunities and such behaviours also constitute to being proactive (Lumpkin & Dess, 2001) which Lumpkin and Dess (1996) articulated as aggressive competitive orientation. An individual who takes initiative in identifying and acting on identified opportunities while preserving it to bring about a meaningful change known as proactive individuals (Crant, 1996). In spite of various conceptualization of proactiveness construct, Dess and Lumpkin (2005) stated that identification and pursuit of new opportunities in competition with the rivalries remain the essence of the construct. These individuals are inclined towards innovation as a result of their proactive behaviour (Siebert, Kramer & Crant, 2001). Research shows that there is relationship between entrepreneurial intention and also proactivity among individuals (Crant, 1996). It is essential for entrepreneurs to analyse the entire situation and possible conditions affecting the environment so that proactive action can be taken to react to the conditions instead of awaiting the market to respond to such conditions, however, such endeavours requires high need for achievement and also fear of losing to competition (Miller & Toulouse, 1986). According to Venkataraman (1989), an organization may behave proactively through introduction of new products and services, eliminating non-value adding operations and participating in emerging markets which will help the organization to stay ahead of competition while pursuing new opportunities. This enable organization to identify and champion the opportunities discovered as a result of proactive behaviour while responding to emerging trends and problems in the marketplace (Dess & Lumpkin, 2005).

2.6 Reward/Reinforcement and Employee Entrepreneurial Orientation

Appropriate use of rewards found to activate entrepreneurial behaviour among employees (Kanter, 1985; Sathe, 1985; Block & Ornati, 1987; Sykes, 1992; Barringer & Milkovich, 1998, De
Jong & Wennekers, 2008). Stevenson and Gumpert (1985) indicated that when an employee is rewarded for their performance, they found to remain intact with the organization due to improved loyalty resulting in retention of these employees for a longer period. Similar findings were reported by Chandler et al. (2000) that reward system positively influences innovation and reinforce innovative activities. In line with this, Fritscher (2009) indicated that reward could be regarded as a positive reinforcement in recognizing a specific desired behaviour. Daniels and Daniels (2006) indicated that positive reinforcement could carry characteristics such as personal, immediate, earned, needs to be frequent and also that is not necessarily financial. Development of reward system with performance as a base while highlighting significant achievement and continuously unlocking the potential of the employees are seen as a driver in activating entrepreneurial orientation among employees. Miller (1983) informed that value based compensation system encourages employees to interact effectively with internal and external environment which enables the employees to identify potential opportunities, hence, improve the firm value. Therefore, scholars argue that effective rewards system will help to spur entrepreneurial intentions among employees which enable them to be more adaptive towards internal and external environment and proactively handle various situations. The reward system should consider elements such as challenging responsibilities, goals, feedback, while emphasizing employees’ individual responsibilities (Kuratko & Hodgetts, 2004). Adoption of appropriate reward system is expected to motivate middle managers and create a desire for them to be innovative and proactive while assuming required level of risks associated with entrepreneurial activity. In other words, there is positive association between reward system and employee entrepreneurial orientation when compensation systems are in place to contributing employees on the basis of value added to the organization (Salvato, 2002; Bhardwarj, Sushil, & Momaya, 2007). Thus, based on these discussion, the following hypotheses are formulated for the construct:

→ H1: There is significant relationship between reward/reinforcement and innovativeness.
→ H2: There is significant relationship between reward/reinforcement and risk-taking.
→ H3: There is significant relationship between reward/reinforcement and pro-activeness.

2.7 Conceptual Framework

In spite of various efforts by the organization to create an entrepreneurial climate, the need for motivation is important and the organizational factors has become the means of this motivation. The motivations toward a set of behaviours is clearly explained by Expectancy Theory (Vroom, 1964). Sebora and Theeraptvong (2010) highlighted that the central idea of this theory revolves around an assumption that every employee’s effort is driven by a belief that their achievements and accomplishments will be recognized through rewards by the organizations. In line with this claim, according to Lunenburg (2011), there are four fundamental assumptions that underpins an employee behaviour according to the Expectancy Theory: the assumption that i. employee expectations about their needs which influences their reactions toward organization, ii. employee’s conscious choice where employees choose their own behaviours based on their expectations, iii. the employees need different things from the organization in relation to their job and iv. employees optimize their outcome by choosing among various alternatives. This leads to instrumentality element within the Expectancy Theory which indicates that achievement of performance by employees will lead to organizational rewards or outcomes (Lunenburg, 2011; Parijat & Bagga, 2014). It is the responsibility of the leaders to create and increase the belief among employees that they are capable of performing their responsibilities successfully by giving them an avenue to exercise their abilities (Lunenburg, 2011). Notwithstanding, tolerance for failure is also an element of employee’s motivation because criticisms for failed attempts tend to reduce motivation level among employees (Jones & Butler 1992). However, there is flexibility given to the organization to link specific set of behaviours to a clearly identified reward systems (Morris & Kuratko, 2002).
Therefore, the following conceptual framework was proposed for the research.

![Conceptual Framework](image)

**Figure 1: Conceptual Framework**

### 3.0 Methodology

#### 3.1 Sample and Data Collection

Employees from three cement manufacturing organizations in the southern part of the Peninsular Malaysia made up the population of the study (i.e. 300 employees). In order to reach maximum number of respondents, a web based online survey was designed and distributed to the respondents. This is because web based survey has been widely accepted in the research activities (Porter & Whitcomb, 2003; Dillman, 2007). However, in order to ensure that every response become usable to the research, all questions in the online survey were made mandatory so that the respondents can only submit the questionnaire upon completing all the questions. The questionnaire was designed to collect personal and organizational information, responses to reward and reinforcement construct and also responses towards entrepreneurial orientation construct. A simple random sampling method was used to distribute the questionnaires randomly. Aside, in an attempt to increase the number of responses, a follow up was made by sending follow up emails so that the responses could yield better insights which can enhance the generalizability of the research findings (Rea & Parker, 2005).

#### 3.2 Measures and Instrumentation

This research adopted test instruments developed in the previous research. There are two constructs studied in this research: reward and reinforcement and entrepreneurial orientation. The test instrument for reward and reinforcement was adopted from Hornsby, Kuratko, and Montagno (1999). A total of 4 items were considered for this construct. On the other hand, test instruments developed by Covin and Slevin (1989) and Seibert, Kraimer, and Crant, (2001) were adopted to test entrepreneurial orientation construct. This construct tested with 23 items. Each of the entrepreneurial orientation construct, namely innovativeness, risk-taking and pro-activeness were tested with 10 items, 3 items and 10 items respectively. Research indicated that five-point Likert scale is the suitable measurements for behavioral research (Wolfer, 2007), the same scale was used to locate respondent’s response for each of items considered in the study. These scores ranged between 1 to 5 in such a way that score of 1 referred to as “strongly disagree”, score of 2 as “disagree”, score of 3 being “neutral”, a score of 4 as “agree” and a score of 5 being “strongly agree” for the respondents to locate their agreeableness.
4.0 Findings and Discussion

4.1 Data Analysis

Data collection was conducted for a period of three months. As a result, a total of 181 usable questionnaires were received through an online survey. Since all questions were made mandatory, no questions were omitted due to missing data in the respondent’s responses. This has resulted at an overall response rate of 70.4 per cent. This response rate was found to be sufficient for further data analysis because it is within a range of 30 responses to 500 responses which is usually suitable for a research (Krejcie & Morgan, 1970). As far as the gender ration is concerned, 70.7 per cent were made of male respondents which conforms that the industry is generally populated with male workers for the nature of the activities. However, in terms of tenure in the organization, three quarter of the respondents were serving for less than five years. Majority of the respondents were from operational departments (i.e. 43.1 percent). At least 50 per cent of the respondents were in the age range between 31 years old and 40 years old and possesses a bachelor degree as far as the educational level is concerned.

4.2 Results of the Tests of the Hypotheses

The research tested three dimensions of entrepreneurial orientation construct. They are innovativeness, risk-taking and pro-activeness. It was hypothesized that there is significant relationship between reward and reinforcement and entrepreneurial orientation dimensions. Simple multiple regression analysis using SPSS version 19 was conducted and the following results were obtained.

- H1: There is significant relationship between reward/reinforcement and innovativeness
  
  H1 stated that there is significant relationship between reward/reinforcement and innovativeness. Table 1 shows the result of the regression analysis.

<table>
<thead>
<tr>
<th>Independent Variable</th>
<th>Standardized Beta</th>
<th>t-value</th>
<th>Sig. (p-value)</th>
<th>R²</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reward/Reinforcement</td>
<td>0.220</td>
<td>2.993</td>
<td>0.003</td>
<td>0.220</td>
</tr>
</tbody>
</table>

The t-value is 2.993 at p < 0.05. The result shows that the H1 is highly supported. This indicates that there is significant relationship between reward/reinforcement and innovativeness. The strength of relationship was measured by standardized beta value (i.e. 0.220) and offered adequate evidence about the predictive value of reward/reinforcement towards innovativeness. Hence, it can be concluded that employees who are rewarded and reinforced are more likely to behave innovatively.

- H2: There is significant relationship between reward/reinforcement and risk-taking

H2 stated that there is significant relationship between reward/reinforcement and risk-taking. Table 2 shows the result of the regression analysis.

<table>
<thead>
<tr>
<th>Independent Variable</th>
<th>Standardized Beta</th>
<th>t-value</th>
<th>Sig. (p-value)</th>
<th>R²</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reward/Reinforcement</td>
<td>0.148</td>
<td>1.866</td>
<td>0.064</td>
<td>0.091</td>
</tr>
</tbody>
</table>

The t-value is 1.866 at p < 0.05. The result shows that the H2 is insignificant. Nevertheless, the p-value is 0.064 which is very close to critical value of 0.05. This indicates that there is a potential relationship between reward/reinforcement and risk taking. The strength of relationship which was measured by standardized beta value (i.e. 0.148) have also offered some support about the predictive ability of reward/reinforcement towards risk taking. Although the p-value is not below 0.05, it can be
concluded that there is possibility that risk taking behavior of employees are partly influenced by the reward and reinforcement systems in the organization.

- H3: There is significant relationship between reward/reinforcement and pro-activeness

H3 stated that there is significant relationship between reward/reinforcement and pro-activeness. Table 3 shows the result of the regression analysis.

<table>
<thead>
<tr>
<th>Independent Variable</th>
<th>Standardized Beta</th>
<th>t-value</th>
<th>Sig. (p-value)</th>
<th>R²</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reward/Reinforcement</td>
<td>-0.099</td>
<td>-1.308</td>
<td>0.193</td>
<td>0.169</td>
</tr>
</tbody>
</table>

The t-value is -1.308 at p < 0.05. The result shows that the H3 is not supported. This indicates that there is no significant relationship between reward/reinforcement and pro-activeness. The strength of relationship which was measured by standardized beta value (i.e. -0.099) failed to provide adequate evidence about the predictive ability of reward/reinforcement towards pro-activeness. Therefore, it can be inferred that availability of reward and reinforcement element within the organization will not necessarily encourage employees to act pro-actively.

5.0 Conclusion

Overall, in testing the relationship between reward/reinforcement and entrepreneurial orientation, only hypothesis H1 was supported, while H2 and H3 were insignificant, therefore were not supported. The results indicated that there is significant relationship between reward/reinforcement and also innovativeness and that these variables are positively associated. Therefore, it can be concluded that employees are behaving more innovatively when they are rewarded and also reinforced for their successful achievements. Similar kind of findings was reported by Morrison and Robinson (1997) whereby reward system of the company found to positively influence employee commitment towards innovativeness. Therefore, availability of fair reward system and rewarding employees for their contributions is essential in order to create and also sustain entrepreneurial climate in the organization. In studying employee, perceived reward fairness and innovative behaviours, numerous scholars (e.g. Hornsby, et al., 1999, 2002; Janssen, 2000; Holt, et al., 2007) found a significant and positive association between reward/reinforcement and innovativeness. In the study conducted by Kuratko, Hornsby and Bishop (2005) to understand entrepreneurial environment, it was found that greater emphasis on rewards/reinforcement influences managers to develop and implement not only new ideas but also improves the number of unofficial improvement initiatives within the organization. However, the relationship between reward/reinforcement and risk taking is positively associated and not significant. The statistical results indicate that reward/reinforcement and pro-activeness negatively associated and failed to provide empirical evidence for significant relationship between reward/reinforcement and pro-activeness. Based on the Expectancy Theory (Vroom, 1964), it can be concluded that individual efforts require the individual to believe that their efforts will lead towards a reward failure which they are reluctant to engage into entrepreneurial behaviours.

This research provided several significant implications contributing towards theory and also practices. The research offered explanation for conflicting findings about the debate to which one shall consider entrepreneurial orientation as a unidimensional construct or multidimensional construct. Many studies including recent ones have continuously investigated entrepreneurial orientation in the organization and its influence towards performance. However, most of the past studies have examined entrepreneurial orientation as a unidimensional construct and the debate is still continuing so as to view entrepreneurial orientation as unidimensional construct or multidimensional construct. In addition, the past literature indicated that entrepreneurial orientation was considered as a unidimensional (e.g., Covin & Slevin, 1989; Knight, 1997), independent variable in evaluating firm performance since past three decades. However, entrepreneurial orientation may occur in different
combinations with each representing a different and independent aspect of the multidimensional concept of entrepreneurial orientation (Lumpkin & Dess, 2001; Covin, Greene, & Slevin, 2006; George, 2006). In addition, validation of the framework contributed to existing body of knowledge in the area of entrepreneurial orientation, especially in domestic settings.

The study offered several important managerial implications as the business environment is becoming more competitive. Reward and reinforcement is also found to cultivate entrepreneurial behaviour among employees. While the empirical evidence indicates that there is clear link between reward/reinforcement and also innovativeness, it still lacks similar links to risk taking as well as proactive behaviour of employees. Clearly, there is a missing link in addressing intangible entrepreneurial behaviours and attempts towards a performance management system of employees when such intentions should be captured and rewarded accordingly. Specifying expected contributions and establishing a clear link between entrepreneurial intentions and performance management become essential and it is equally important to communicate existence of such systems to entire organization in activating and cultivating entrepreneurial mindset among employees.

6.0 Recommendation for Future Research

This study was conducted because little was known about the interaction between entrepreneurial orientation individual dimensions and organizational characteristics in activating entrepreneurial behaviour among employees. However, the followings can be considered as avenues and direction for future research: 1) a triangulation method by triangulating the responses of respondent with secondary (qualitative) sources can be used to test these constructs in the similar context to add value to the existing theoretical findings in examining the relationship between organizational characteristics and entrepreneurial orientation, 2) other variables and/or dimensions which were not explored in this study can be included to construct a more accurate predictive model in the future research attempts to create more insights into the area of study about entrepreneurial orientation, and 3) inclusion of any moderating variable that will be able to explain the phenomena in a greater detail.
References


