

College of Business Academic Seminar Series

Speaker



The Interaction Effect of Leadership Support on the Entrepreneurship Orientation - Innovative Performance Relationship

Dr. Robert Zacca
Assistant Professor of Management
Alfaisal University

Description:

The purpose of the study is to investigate the impact of transformational leadership on the entrepreneurship orientation (EO) – innovative performance relationship and to test innovative performance as a mediator variable between EO and firm performance. Extant research shows a positive association between EO and performance, however contingencies can affect the strength of this relationship. The case for linking transformational leadership within this model is supported by the resource-based view. We use structural equation modelling to test a theoretical model based on a data set from a survey instruments administered to the most senior level manager of 127 enterprises within the Kingdom of Saudi Arabia. Results show that within the enterprise setting innovative performance partial mediate the relationship between EO and firm performance. Results further suggest that two out of six transformational leadership behaviors - articulating a vision and stimulating intellectual pursuits interact to positively strengthen EO's relationship to innovative performance. These findings suggest that visionary leaders absorb the uncertainty and take on the burden of responsibility of the future, spurring the organization members forward towards entrepreneurship. Furthermore, leader's encouragement of organization members to independently use their mind to challenge beliefs, assumptions and the status quo allows for continuous learning and development that encourages creative solutions in pursuit of new opportunities for economic gain. Contrary to prior expectations, the study found that leader's emphasis on having high performance expectations, does not act as a moderator within the same model. A reward system based on the results of innovative projects offers a counter-intuitive explanation that it may discourage the brightest talent from participating on endeavors with uncertain outcomes.



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