ENTREPRENEURIAL BEHAVIOUR IN MALAYSIAN COMMERCIAL BANKS: THE ROLE OF EMOTIONAL INTELLIGENCE, JOB AUTONOMY, PERCEIVED ORGANIZATIONAL SUPPORT AND ORGANIZATIONAL COMMITMENT

Nurul Liyana Mohd Kamil
Universiti Teknologi MARA, Malaysia
Aizzat Mohd Nasurdin
Universiti Sains Malaysia, Malaysia

ABSTRACT

Entrepreneurial behavior within organization is a key mechanism of organizational development and as an important backbone to the economic growth. To become globally competitive, an effective entrepreneurial behavior is seen as an important path for established organization in achieving competitive advantage and performance improvements toward successful future opportunities. Although a substantial body of research has recommended that entrepreneurial behavior has positive outcomes for individual employees, studies on the predictors of entrepreneurial behavior, particularly among middle-level managers within the banking sector are relatively limited. Since managers act as role models for employees to emulate, entrepreneurial behavior displayed by managers is deemed important. Therefore, the objective of this paper is to provide a review of the literature on the effects of emotional intelligence, job autonomy, and perceived organizational support on middle-level managers’ entrepreneurial behavior in the Malaysian banking sector, and how these relationships may differ as a result of changes in their level of organizational commitment. In light of increasing global competition and economic uncertainties, it is hoped that this study will help the Malaysian banking sector to develop effective strategies in stimulating entrepreneurial behaviors among its managerial employees, in ensuring the stability and sustainability of Malaysia’s economic growth.

JEL Classification: G2, M1, L2, L8
Keywords: entrepreneurial behavior, emotional intelligence, job autonomy, perceived organizational support, organizational commitment

Corresponding Author’s Email Address: nurulliyana@ppinang.uitm.edu.my

INTRODUCTION

Entrepreneurial behaviour of employees is described as one of prominent aspect in facing competitive edge and promotes greater performance, particularly in large and established organizations. Such behaviour occurs when organizational members are allowed to pursue actions and initiatives that are novel to the organization. For the banking environment which is continually plagued with economic uncertainties, sticker financial regulations, and greater service expectations by customers, entrepreneurial behaviour within organization is seen as essential in achieving competitive edge and performance improvements. Although entrepreneurial behaviors performed by employees are central in stimulating organizational innovation, many researchers have emphasized the importance of this type of behavior among middle-level managers (Kuratko, Ireland, Covin & Hornsby 2005; Hancer, Ozturk & Ayyıldız, 2009). According to Kuratko et al. (2005), middle-level managers not only endorse, refine, and drive entrepreneurial opportunities but also identify, acquire and deploy resources needed to pursue those opportunities. In a similar vein, Zampetakis (2011) asserted that middle-level managers interactively synthesize information, disseminate information, and create conditions under which lower-level employees become a source of competitive advantage in the service production process.

In the case of Malaysia, the banking sector is under the surveillance of Central Bank of Malaysia. The banking sector in Malaysia comprises commercial banks, investment banks, Islamic banks, insurance, and unit trusts (Central Bank of Malaysia 2014). According to some scholars (Sufian & Habibullah 2010; Zampetakis 2011), the banking sector plays a crucial role in contributing to the economic growth of most countries. For instance, in Malaysian context, the banking sector dominates most of the financial flows in the country and possesses approximately 70 per cent of the financial system’s total assets. Of the various entities associated with the banking sector, commercial banking tops the list in terms assets which amounted to RM1.713 trillion as of
end of 2011 (Central Bank of Malaysia 2013). Besides, researchers (Tahir & Bakar 2007; Tarus, Chekol & Mutwol 2012) claimed that commercial banks play a significant role in facilitating economic development. This is supported by the assertion made by Sufian and Parman (2009) who stated that commercial banks are the largest and most significant providers of funds in. As a result of the restructuring and consolidation program initiated by the Central Bank of Malaysia in 2003, the commercial banking sector now consists of 27 institutions, eight of which are locally-owned with the remaining 19 being foreign-owned. One notable distinction between locally-owned commercial banks and foreign-owned is the percentage of ownership. According to the Malaysian Financial Sector Master Plan (2001) and Financial Sector Blueprint (2011), to chart the future direction of the financial services sector in Malaysia, locally-owned commercial banks should continue to improve their performance especially in terms of profitability and service quality. For the locally-owned commercial banks, almost 80 per cent of their quality of services and capability to create value is attributed to human capital, as reported in previous studies (Goh 2005; Ting & Lean 2009). According to these scholars (Goh 2005; Ting & Lean 2009), since the banking sector is service-based, their customer services rely heavily on human capital. In addition, the efficiency of human resource development is also projected as one of the strategic policy measures under Malaysia’s New Economic Model, which relates to the strengthening and intensifying of human resource development (Performance Management and Delivery Unit [PEMANDU], 2013; 2014). Based on these reasons, locally-owned commercial banks should heighten the capability of their human capital in order to help the country attain high-income nation status. One possibility would be through the display of entrepreneurial behaviors.

According to Bartlett and Dibben (2002), middle-level managers are responsible in creating an environment that encourages innovation and entrepreneurial activities among their subordinates. This is further supported by scholars (Goode, Kuratko, Hornsby & Covin 2011; Mair 2005; Walkee, Elfring & Monaghan 2008) that middle-level managers play a vital role in encouraging entrepreneurial activities within their organizations. As such, they play a central role in ensuring the success of corporate entrepreneurship. Prior studies have demonstrated that entrepreneurial behavior exhibited by managers, particularly those at the middle-management levels, have a positive impact on organizational performance (Hancer et al. 2009; Kuratko 2010; Pearce, Kramer & Robbins 1997). For the banking environment which is continually beset with economic uncertainties, stricter financial regulations, and greater service expectations by customers, entrepreneurial behavior within organization is seen as a key tool in garnering competitive advantage and performance improvements. Banks in Malaysia, as with other service-related industries, operates under challenging and competitive market conditions. As such, to improve service quality and ultimately increase customer retention, middle-level managers are expected to engage in entrepreneurial behaviors. According to Mair (2005), entrepreneurial behaviors generally relate to a range of activities ranging from independent/autonomous to integrative/cooperative behavior, aimed at getting things done in an entrepreneurial manner within the organization.

Previous researchers (Mair 2005; Zampetakis, Beldekos & Moustakis 2009) have argued that emotional intelligence predicts managers’ entrepreneurial behaviour. Managers who possess high emotional intelligence are likely to have high tolerance to stress and environmental stressors (Zampetakis et al. 2009). Such feelings, in turn, kindle their levels of entrepreneurial behaviour. In addition, individuals who perceived positive emotion from their working environments will be motivated to act more entrepreneurially (Brundin, Patzelt & Shepherd 2008; Zampetakis & Kafetsios 2010). Therefore, in the context of commercial banking in Malaysia, middle-managers who possess high emotional intelligence are expected to display greater entrepreneurial behaviour. Previous studies (Hornsby, Kuratko, Shepherd & Bott 2009; Kuratko et al. 2005) also argued that job autonomy is a strong predictor of middle-managers’ entrepreneurial behaviour. In particular, job autonomy provides middle-managers with the freedom to demonstrate new and useful combinations of work procedures and tasks (Wang & Cheng 2010). For these managers, increased job autonomy allows them the opportunity to engage in entrepreneurial activities (Kuratko et al. 2005; Hornsby et al. 2009). Another variable that has a salient role in influencing entrepreneurial activities in organizations is perceived organizational support. Empirical studies have found a positive relationship between perceived organizational support and entrepreneurial behavior (Hornsby et al. 2009; Kuratko et al. 2005; Zampetakis et al. 2009). This is because employees with high perceived organizational support tend to help other employees and are more likely to perform better, especially in implementing entrepreneurial ideas (Hornsby et al. 2009). One way to do so is through entrepreneurial actions and behaviors. Therefore, based on the preceding discussion, the purpose of this paper is to review the extant literature and subsequently propose a linkage between emotional intelligence, job autonomy, and perceived organizational support and entrepreneurial behaviour among middle-level managers in the Malaysian banking sector. In addition, since organizational commitment is considered a key component that affects individuals’ attitudes, strength of participation in an organization, and organizational effectiveness (Hult 2005; Rutherford & Holt 2007), this variable has been identified as a potential moderator in the relationships between emotional intelligence, job autonomy, perceived organizational support, and entrepreneurial behaviour.
LITERATURE REVIEW

Entrepreneurial Behavior

According to Antoncic and Hisrich (2003), entrepreneurship can be seen as an individual- or organization-level behavioral phenomenon that is based on behavior or its intention, such as the formation of new ventures or breakthrough of innovation. Further, Kuratko (2007) explained that individual entrepreneurship in organizational context involves the intentions and actions of “key players” at all levels within an organization, and the concept is aimed at value creation. In this vein, Kuratko and Audretsch (2009) developed an integrated definition that acknowledges the critical role of entrepreneurship as a dynamic process of vision, change, and creation of new ideas. In addition, there is another element of entrepreneurship which is called entrepreneurial behavior (Steers & Hills 1996). According to scholars (Kuratko et al. 2005; Zampetakis et al. 2009), entrepreneurial behavior is multifaceted. It is difficult to explore and measure, and it is often viewed as a purposive behavior directed towards a specific event.

Entrepreneurial behavior is a comprehensive term that captures all actions taken by an organization’s members that relate to the discovery, evaluation and exploitation of entrepreneurial opportunities (Ireland, Hitt & Sirmon 2003; Kuratko et al. 2005). Entrepreneurial behavior within an organization (or corporate entrepreneurship) is generally regarded as a vehicle to increase (a) strategic renewal (Zahra 1996), (b) organizational growth and profitability (Thornberry 2001), along with (c) organizational change and customer value-added services (Kuratko et al. 2005). For instance, some scholars (Lumpkin & Dess 1996; Morris, Zahra & Schindehutte 2001) have defined entrepreneurial behavior as a vision-directed, organization-wide action that purposefully and continuously rejuvenates an organization. Further, Mair (2005) defined entrepreneurial behavior as “... a set of activities and practices by which individuals at multiple levels, autonomously generate and use innovation resource combinations to identify and pursue opportunities” (p. 1). Previous studies suggest that individual managers at all levels play an important role towards organizational success (Ireland et al. 2003). In a similar vein, Kuratko et al. (2005) asserted that middle-level managers endorse, refine, and shepherd entrepreneurial opportunities; they also identify, acquire and deploy resources needed to pursue those opportunities. According to Hornsby et al. (2009), middle-level managerial behaviors are strongly linked to corporate entrepreneurship and entrepreneurial behavior. Zampetakis (2011) also contended that middle-level managers in banking sector are employees within the middle tier of management, who supervise their subordinates by overseeing day-to-day activities. This is in agreement with the claims made by scholars (Kuratko et al. 2005; Kuratko 2010), who argued that the entrepreneurial behavior of middle-level managers is fundamentally defined by individual behavior that relates to the discovery, evaluation and exploitation of entrepreneurial opportunities. Individual entrepreneurial behavior is seen as an important path to achieving competitive advantage and performance improvements in large and established organizations (Goodale et al. 2011; Zampetakis et al. 2009). Consequently, it is vital for large organizations to support entrepreneurial behavior especially across all middle-management levels in order to improve their competitive edges and improve organizational performance (Holt, Rutherford & Clohessy 2007; Mair 2005).

Pearce et al. (1997) argued that entrepreneurial behavior is deemed more relevant to employees at the managerial level, who are in a better position to influence their subordinates. Middle-level managers who exhibit entrepreneurial behavior consistently communicate a strategic vision to their subordinates, and this often generates cohesive team work besides fostering innovation and a conducive working environment in their organizations (Pearce et al. 1997). In banking sector, middle-level managers represent employees within the middle tier of management, who supervise their subordinates by overseeing day-to-day activities (Zampetakis 2011).

Factors Affecting Entrepreneurial Behavior

A review of the extant literature indicates that in general, the predictors of entrepreneurial behavior can be classified according to three main categories: (1) personal characteristics (Sweida & Reichard 2013; Rutherford & Holt 2007; Wakkee et al. 2008), (2) job characteristics (Hornsby et al. 2009; Kuratko et al. 2005), and (3) contextual characteristics (Zampetakis et al. 2009; Rutherford & Holt 2007). Emerging evidence by scholars (Zampetakis et al. 2009; Rutherford & Holt 2007) suggests that an individual’s personal characteristic (in the form of emotional intelligence) and the contextual characteristic (in the form of perceived organizational support) have a role to play in shaping entrepreneurial behavior. In fact, job characteristics (in the form of job autonomy) have been identified as key elements in the creation of entrepreneurial behaviour by Hornsby et al. (2009). Therefore, this paper will focus on how these three variables can stimulate middle-managers’ entrepreneurial behavior within the Malaysian banking context.
Emotional Intelligence

According to Salovey and Mayer (1990), emotional intelligence is “the subset of social intelligence that involve the ability to monitor one’s own and other’s feelings and emotions, to discriminate among them and to use this information to guide one’s thinking and action” (p.189). Mayer and Salovey (1997) further defined emotional intelligence as an individual’s ability to perceive and express emotion, to understand emotion and emotional knowledge, to generate and access emotion and to regulate emotion in oneself and others as well as to promote emotion and intellectual growth. According to these authors (Salovey & Mayer 1990; Mayer & Salovey 1997), emotional intelligence consists of four distinct dimensions: (1) appraisal and expression of emotion in the self (self-emotion appraisal), (2) appraisal and recognition of emotion in others (others’ emotional appraisal), (3) regulation of emotion in the self (regulation of emotion), and (4) use of emotion to facilitate performance (use of emotion). In brief, emotional intelligence refers to an individual’s ability to recognize the meaning of emotions and their relationship as a basic for solving problems (Wong & Law 2002).

Previous scholars revealed that emotional intelligence has a substantial impact on various human activities such as leadership, education, training, personal life, mental health, and well-being (Cavazotte, Moreno & Hickmann 2012; Momeni 2009). In the area of corporate entrepreneurship, emotional intelligence has been suggested as a predictor of managers’ entrepreneurial behaviour (Mair 2005; Zampetakis et al. 2009). As asserted by Nikolaou and Tsaousis (2002), managers who have greater emotional intelligence are likely to be more tolerant to stress and environmental stressors. According to Wong and Law (2002), high emotionally intelligent individuals are more proficient in assessing and regulating their own emotions, which increases their confidence levels and their feelings of control over their work environment requirements. Such positive feelings foster greater levels of entrepreneurial behaviour. Furthermore, individual who experienced more positive emotions from their work environments will be more motivated to act entrepreneurially (Brundin et al. 2008; Zampetakis & Kafetsios 2010). Empirical evidence obtained from previous studies (Ahmetoglu, Leutner & Chamorro-Premuzic 2011; Zampetakis et al. 2009) showed that emotional intelligence has a significant and positive influence on managers’ entrepreneurial behavior. Therefore, in the case of the Malaysian banking sector, middle-managers who possess high emotional intelligence will be more likely to engage in greater entrepreneurial behaviour. The foregoing discussion prompts the following propositions:

Proposition 1: Emotional intelligence will be positively related to entrepreneurial behavior.

Job Autonomy

According to the Job Characteristic Model (JCM) (Hackman & Oldham 1980; Hackman & Oldham 1976), job autonomy is a core job characteristic that promotes self-determination and empowerment (Niemiec & Ryan 2009; Deci & Ryan 2000). In particular, JCM is associated with five core job dimensions: skill variety, task identity, task significance, autonomy, and feedback (Hackman & Oldham 1980; Hackman & Oldham 1976; Oldham & Cummings 1996). However, this study focuses on job autonomy and its relationship with entrepreneurial behavior based on Breauh's (1985) suggestion that job autonomy imposes functional effects on individual work behaviors. Volmer, Spurk and Niessen (2012) refers job autonomy as an extent to which an employee can determine the pace, sequence, and methods in accomplishing a task. On a similar note, Zhou and Shalley (2008) viewed job autonomy as the freedom and independence to determine the effectiveness of one’s work duties. In Spector's (1986) meta-analysis involving 88 studies, job autonomy was found to be significantly associated with a high level of job satisfaction, organizational commitment, job involvement, job performance, and motivation.

According to Breauh (1985), job autonomy has beneficial effects on work behaviors. De Jong and Kemp (2003) discovered that job autonomy has a positive relation with employees’ innovative behavior. This finding is further supported by Slätten and Mehmetoglu (2011) who found that job autonomy has a positive influence on employee engagement and innovation behavior. In another study by Parker, Williams and Turner (2006), job autonomy was found to be linked to proactive behavior. Additionally, Fuller, Hester and Cox (2010) who studied 120 employees working in a small utility company located in the southern region of the United States found that job autonomy moderates the positive relationship between proactive personality and job performance. Wang and Cheng (2010) on the other hand, also found that job autonomy provides employees an opportunity to try out new and useful combination of work procedures. Correspondingly, scholars (Hornsby et al. 2009; Kuratko 2010) provided empirical evidence that job autonomy serves as a predictor of entrepreneurial behavior among middle-level managers. Therefore, in line with the above discussion and prior findings, it is expected that similar findings will apply for Malaysia. In other words, in the context of locally-owned commercial banks, middle-level managers who have high job autonomy will engage in greater entrepreneurial behavior. As such, we posit the following:
Proposition 2: Job autonomy will be positively related to entrepreneurial behavior.

Perceived Organizational Support

According to Eisenberger, Huntington and Sowa (1986) perceived organizational support refers as “employees develop global beliefs concerning the extent to which the organization values their contributions and cares about well-being” (p.501). On a more specific note, Rhoades and Eisenberger (2002) viewed perceived organizational support as representing an employee’s perception of the extent to which the employer is committed to him or her as an individual employee. In this vein, the social exchange theory (Blau 1964) is often used to describe how perceived organizational support results in positive outcomes for employees and their organizations. According to this theory, when employees judged their organization as a caring one (i.e. have high levels of perceived organizational support), they are likely to reciprocate the employing organization by adopting positive attitudes and behaviors. Several researchers (Kanten & Ulker 2012; Zampetakis et al. 2009; Rutherford & Holt 2007) provided proofs that perceived organizational support has a positive impact on a variety of work outcomes such as job satisfaction, organizational commitment, entrepreneurial behavior, and job performance. Empirical studies revealed the existence of a positive relationship between perceived organizational support and entrepreneurial behavior (Hornsby et al. 2009; Zampetakis et al. 2009; Rutherford & Holt 2007). For instance, Zampetakis et al. (2009) in their study on a sample of 224 employees working for public and quasi-public organizations in the service sector in Greece found that perceived organizational support is significantly related to employees’ entrepreneurial behavior. This is because employees with high perceived organizational support tend to be more satisfied with their jobs and more committed to the organization they work (Rhoades & Eisenberger 2002). Based on the reciprocity norms, when employees have high levels of perceived organizational support, they are likely to assist the organization in achieving its goals. In such situations, they are more likely to exert effort above and beyond their call of duty, by engaging in entrepreneurial behaviors. Given that entrepreneurial behavior is a form of functional behavior with desirable consequences for the organization, when employees experience high levels of perceived organizational support, they are likely to assist the organization in achieving its goals. Considering the above, the following proposition is offered:

Proposition 3: Perceived organizational support will be positively related to entrepreneurial behavior.

The Role of Organizational Commitment as a Moderator in the Relationships between Personal Characteristic (in the form of Emotional Intelligence), Job Characteristic (in the form of Job Autonomy), and Contextual Characteristic (in the form of Perceived Organizational Support) and Entrepreneurial Behavior

According to Mowday, Steers and Porter (1979), organizational commitment is “the relative strength of an individual’s identification with and involvement in particular organization” (p. 226). On the other hand, (Meyer & Allen 1991) conceptualized organizational commitment as “a psychological link between the employee and his or her organization that makes it less likely that the employee will voluntarily leave the organization” (p. 252). In particular, organizational commitment has been viewed as an individual’s psychological bond to an organization as a whole (Joo & Shim 2010). Previous scholars argued that organizational commitment is considered a vital component that influences individuals’ attitudes, strength of participation in an organization, and organizational effectiveness (Hult 2005; Khodabakhshi 2012; Rutherford & Holt 2007). Empirically, numerous studies have provided empirical evidence on the relationships between personal characteristics (such as emotional intelligence, proactive personality, and self-efficacy), and organizational commitment (Fuller & Marler 2009; Joo 2010; Rutherford & Holt 2007). On the other hand, Chung-Yan (2010) argued that job characteristics also play a huge motivational role by supporting basic human needs while performing a job. Employees with higher levels of commitment to an organization basically have higher levels of job satisfaction, lower levels of job stress, and decreased job-home life conflicts (Dirani & Kuchinke 2011). In addition to personal characteristics and job characteristics, a number of past studies have found positive relationships between contextual characteristics (such as perceived organizational support, leadership support, and communication climate) and organizational commitment (Mathieu & Zajac 1990; Rhoades & Eisenberger 2002; Riggle, Edmondson & Hansen 2009). Likewise, organizational commitment plays a moderating role in various relationships. For instance, Falkenburg and Schyns (2007) found that organizational commitment moderates the relationship between job satisfaction and turnover intention. Testa (2001) on the other hand, reported that job satisfaction and service effort was moderated by organizational commitment. Hence, people who possess high commitment would perform more entrepreneurial acts when they are more committed. On a similar note, individual who experienced more positive emotions from their work environments will be highly committed and
more motivated to act entrepreneurially. In fact, individuals who have high organizational commitment are more likely to respond favorably to the presence of greater job autonomy and high perceived organizational support. In summary, organizational commitment may act to further strengthen or weaken the positive effects of personal characteristics (such as emotional intelligence), job characteristics (such as job autonomy), and contextual characteristics (such as perceived organizational support) on an individual’s desire to engage in entrepreneurial behaviors. Therefore, we posit:

**Proposition 4:** The positive relationship between personal characteristics (in the form of emotional intelligence), job characteristics (in the form of job autonomy), contextual characteristics (in the form of perceived organizational support), and entrepreneurial behavior will be moderated by organizational commitment, such that the positive relationships between the three independent variables and the dependent variable will be stronger for individuals with higher organizational commitment compared to individuals with lower organizational commitment.

**Proposition 4a:** The positive relationship between emotional intelligence and entrepreneurial behavior will be stronger for individuals with organizational commitment compared to individuals with lower organizational commitment.

**Proposition 4b:** The positive relationship between job autonomy and entrepreneurial behavior will be stronger for individuals with higher organizational commitment compared to individuals with lower organizational commitment.

**Proposition 4c:** The positive relationship between perceived organizational support and entrepreneurial behavior will be stronger for individuals with higher organizational commitment compared to individuals with lower organizational commitment.

**METHOD**

This paper is developed based on the previous literature (Hornsby et al. 2009; Kuratko et al. 2005; Kuratko 2010; Mair 2005; Zampetakis et al. 2009), particularly in the context of entrepreneurial behavior. Understanding on the direct effects of personal characteristic (in the form of emotional intelligence), job characteristic (in the form of job autonomy), and contextual characteristic (in the form of perceived organizational support) also been examined in order to provide valuable information to the body of knowledge.

**CONCEPTUAL FRAMEWORK**

Based on the abovementioned review of the literature, a conceptual framework has been proposed as presented in Figure 1. Personal characteristic (in the form of emotional intelligence), job characteristics (in the form of job autonomy), and contextual characteristic (in the form of perceived organizational support) are assumed to predict entrepreneurial behavior. Meanwhile, organizational commitment is expected to moderate the links between the three independent variables and the dependent variable.

**FIGURE 1. PROPOSED CONCEPTUAL FRAMEWORK**
DISCUSSION AND CONCLUSION

Global competition and economic uncertainties have created many challenges for established organizations, especially those that are service-related. In the context of the Malaysian banking sector, banks are frequently afflicted by economic uncertainty, changing regulations, and higher customer demands for better services. In order to deliver high quality services and value-added products to customers, banking sector must be able to act towards value creation within the organization, particularly by those at the middle-management level. As role models, when middle-level managers perform entrepreneurial behaviour, they are bound to influence their subordinates to emulate their functional behaviours, which ultimately lead to superior service delivery (Goodale et al. 2011; Kuratko 2010; Wakkee et al. 2008). Above all, top management of banking organizations will be able to understand how to motivate their managerial employees to engage in entrepreneurial behaviours that will bring a positive impact on their business performance. In addition, the findings of this study could provide insights for policy makers in formulating and implementing policy for human capital development, allowing banks to benchmark themselves in order to improve their capability in value creation. In light of increasing global competition and market complexity, it is hoped that this study will help the Malaysian banking sector to develop effective strategies in stimulating entrepreneurial behaviours among its managerial employees. Hence, it is vital for established organizations such as banking sector to cultivate entrepreneurial behaviour especially across all middle-management levels in order to enhance performance and improve their competitive advantage.

REFERENCES


