

THE EFFECT OF ENTREPRENEURIAL
COMPETENCIES ON INNOVATIVE WORK
BEHAVIOUR AND THE MODERATING ROLE OF
ORGANIZATIONAL CLIMATE: CASE STUDY OF
SHOPPING MALLS IN MELAKA

NG SU CHEN

Universiti Teknikal Malaysia Melaka

I hereby declared that I/We had read through this thesis and in my/our opinion that this thesis is adequate in terms of scope and quality which fulfill the requirements for the award of Bachelor of Technology Management (High Technology Marketing) With Honors (BTMM).

SIGNATURE :
NAME OF SUPERVISOR : EN AMIR BIN ARIS
DATE :

SIGNATURE :
NAME OF PANEL : PROFESOR DR. MOHD RIDZUAN BIN NORDIN
DATE :

THE EFFECT OF ENTREPRENEURIAL COMPETENCIES ON INNOVATIVE
WORK BEHAVIOUR AND THE MODERATING ROLE OF
ORGANIZATIONAL CLIMATE: CASE STUDY OF SHOPPING MALLS IN
MELAKA

NG SU CHEN

Report submitted in fulfillment of the requirements for the Bachelor of Technology
Management (High Technology Marketing) With Honors (BTMM)

Faculty of Technology Management and Technopreneurship
Universiti Teknikal Malaysia Melaka

JUNE 2017

DECLARATION OF ORIGINAL WORK

“I hereby declare that this project paper is the result of my independent work except the summary and experts that have been specifically acknowledgement”

SIGNATURE :

NAME : NG SU CHEN

DATE :

DEDICATION

I would like to dedicate this work to my beloved family especially my father and mother that always supported me physically and mentally.

Thank you to my supervisor En. Amir Bin Aris for all the spirituals and moral support that had been given to me all the time.

ACKNOWLEDGMENT

First of all, I would like to express my deepest gratitude to all the personnel who has help, support, monitor and guide me to complete this research.

I would like to express my appreciation to my supervisor of final year project which is Sir Amir Bin Aris for his endless effort and consultation. He always advices and comment on my report as undertake the project. Without support from him, I would never complete this research.

Next, I want to thank to my PSM panel, Profesor Dr. Mohd Ridzuan Bin Nordin. He also had given me guidance and advices on my final year project. I would like to express my very great appreciation to Profesor Dr. Mohd Ridzuan Bin Nordin for his valuable and constructive suggestions.

Furthermore, the appreciation is also extended to respondents spent time in answering my questionnaire. Last but not least, appreciation goes to my beloved classmate those who involved either directly or indirectly towards this project. Here, I would like to express my gratitude and thank for all of them who are helping me.

ABSTRACT

The attitude and behaviour of employee are very important to an organization's performance. The employee who lack experience and focus will bring problem to the organization. In order to improve the skills and behaviour among employee, innovation must be improved among the employee. In order to cultivate innovative work behaviour among employee, entrepreneurial competencies and organizational climate require improving. The research focused on Melaka shopping malls and the respondents are salespeople. There are four objectives of this research. Firstly, the research was identified the level of entrepreneurial competencies practiced by salespeople. Secondly, the research identified the level of innovative work behaviour practiced by salespeople. Thirdly, the research analysed the relationship between the entrepreneurial competencies and innovative work behaviour in Melaka shopping malls study. Lastly, the research determine the influences of organizational climate between the relationship of entrepreneurial competencies and innovative work behaviour in Melaka shopping malls study. This research used explanatory method to collect the data. This research used survey method by distribute questionnaire to the salespeople who are working at shopping mall in Melaka. A total number of 120 sample size as targeted respondents of this research. Descriptive analysis and multiple regression was used to analyse the result. The results show there are high scale of entrepreneurial competencies and innovative work behaviour practiced by salespeople. Besides that, the results show there are significant relationships between the variables. Lastly, the results would be discussed in the last chapter.

Keywords: Entrepreneurial competencies, organizational climate, innovative work behaviour, shopping malls

ABSTRAK

Sikap dan tingkah laku pekerja adalah sangat penting kepada prestasi organisasi. Pekerja yang tidak mempunyai pengalaman dan tumpuan akan membawa masalah kepada organisasi. Untuk meningkatkan kemahiran dan tingkah laku di kalangan pekerja, sikap inovasi mesti meningkatkan di kalangan pekerja. Selain itu, kompetensi keusahawanan dan iklim organisasi memerlukan untuk memupuk tingkah laku kerja berinovasi di kalangan pekerja. Lokasi kajian ini tertumpu di pusat membeli-belah and responden ialah jurujual. Terdapat empat objektif kajian ini. Pertama, kajian ini telah mengenal pasti tahap kompetensi keusahawanan dalam kajian pusat beli belah. Kedua, kajian ini mengenal pasti tahap tingkah laku kerja berinovatif dalam kajian pusat membeli-belah. Ketiga, kajian ini menganalisis hubungan antara kompetensi keusahawanan dan tingkah laku kerja berinovatif dalam kajian Melaka kajian pusat membeli-belah. Selain itu, kajian yang menyiasat pengaruh iklim organisasi antara hubungan kompetensi keusahawanan dan tingkah laku kerja berinovatif dalam kajian pusat membeli-belah di Melaka. Kajian ini menggunakan kaedah penerangan untuk mengumpul data. Kajian ini menggunakan kaedah tinjauan dengan mengedarkan soal selidik kepada jurujual yang bekerja di pusat membeli-belah di Melaka. Seramai 120 saiz sampel sebagai responden sasaran kajian ini. Analisis deskriptif dan regresi digunakan untuk menganalisis hasilnya. Keputusan menunjukkan terdapat skala tinggi kecekapan keusahawanan dan tingkah laku kerja berinovatif diamalkan oleh jurujual. Selain itu, keputusan menunjukkan terdapat hubungan yang signifikan antara pemboleh ubah. Akhir sekali, keputusan telah dibincangkan dalam bab 5.

Kata Kunci: Kompetensi keusahawanan, iklim organisasi, tinker laku berinovasi, pusat membeli-belah di Melaka.

TABLE OF CONTENTS

CHAPTER	CONTENT	PAGES
	DECLARATION OF ORIGINAL WORK	ii
	DEDICATION	iii
	ACKNOWLEDGEMENT	iv
	ABSTRACT	v
	ABSTRAK	vi
	TABLE OF CONTENTS	vii
	LIST OF TABLES	xii
	LIST OF FIGURES	xiii
	LIST OF ABBREVIATION	xiv
	LIST OF APPENDICES	xv
CHAPTER 1	INTRODUCTION	
	1.1 Introduction	1
	1.2 Background of Study	2
	1.3 Problem Statement	3
	1.4 Research Questions	6
	1.5 Research Objectives	6
	1.6 Scope of Study	6
	1.7 Limitation of Study	7
	1.8 Significant of Study	7
	1.9 Conceptual and Operational Definition	8
	1.9.1 Innovative Work Behaviour	8
	1.9.2 Entrepreneurial Competencies	9
	1.9.2.1 Strategic Competency	9
	1.9.2.2 Commitment Competency	10
	1.9.2.3 Conceptual Competency	10

1.9.2.4 Opportunity Competency	11
1.9.2.5 Organising and Leading	11
Competency	
1.9.2.6 Relationship Competency	12
1.9.2.7 Learning Competency	12
1.9.2.8 Personal Competency	13
1.9.2.9 Technical Competency	13
1.9.3 Organizational Climate	13
1.10 Summary	14
CHAPTER 2 LITERATURE REVIEW	
2.1 Introduction	15
2.2 Theory of Innovation	16
2.2.1 Innovative Work Behaviour	17
2.3 Theory of Competency	19
2.3.1 Entrepreneurial Competencies	20
2.3.1.1 Strategic Competency	20
2.3.1.2 Commitment Competency	21
2.3.1.3 Conceptual Competency	21
2.3.1.4 Opportunity Competency	22
2.3.1.5 Organising and Leading	23
Competency	
2.3.1.6 Relationship Competency	23
2.3.1.7 Learning Competency	24
2.3.1.8 Personal Competency	24
2.3.1.9 Technical Competency	24
2.3.2 The Most Important Entrepreneurial	25
Competencies Based On Journal	
2.3.3 Resource Based View (RBV)	33
2.4 Organizational Climate	34
2.5 Past Research	35
2.5.1 Entrepreneurial Competencies and	35
Innovative Work Behaviour	

2.5.2 Entrepreneurial Competencies, Organizational Climate and Innovative Work Behaviour	37
2.6 MARS Model	38
2.7 Theoretical Framework Base on MARS Model	40
2.8 Summary	41
CHAPTER 3 RESEARCH METHODOLOGY	
3.1 Introduction	42
3.2 Research Design	42
3.3 Methodological Choices	43
3.4 Research Strategy	43
3.5 Time Horizon	44
3.6 Data Collection	44
3.6.1 Primary Data Sources	44
3.6.2 Secondary Data Sources	45
3.7 Research Location	45
3.8 Sampling Design	45
3.9 Sampling Size	46
3.10 Research Instrument	46
3.11 Data Analysis	48
3.12 Summary	49
CHAPTER 4 DATA ANALYSIS	
4.1 Introduction	50
4.2 Pilot Test	51
4.3 Descriptive Analysis of Demographic Information	51
4.3.1 Age	52
4.3.2 Gender	53
4.3.3 Education Level	54
4.3.4 Years Working in Retail Shop	55

4.3.5 Category of Retail Shop	56
4.4 Reliability Test	57
4.5 Descriptive Analysis of Level of Entrepreneurial Competencies And Innovative Work Behaviour	59
4.5.1 Objective 1: To Identify The Level of Entrepreneurial Competencies Practiced By Salespeople In Shopping Malls Studied.	60
4.5.2 Objective 2: To Identify The Level of Innovative Work Behaviour Practiced by Salespeople in Shopping Malls Studied.	61
4.6 Multiple Regression Analysis	62
4.6.1 Objective 3: To Analyse The Relationship Between Entrepreneurial Competencies And Innovative Work Behaviour in Shopping Malls Studied.	62
4.6.2 Objective 4: To Investigate The Organizational Climate Influences The Relationship Between Entrepreneurial Competencies And Innovative Work Behaviour in Shopping Malls Studied.	64
4.7 Summary	66
CHAPTER 5 CONCLUSION AND RECOMMENDATIONS	
5.1 Introduction	67
5.2 Objective 1: To Identify The Level of Entrepreneurial Competencies Practiced By Salespeople in Shopping Malls Studied.	67
5.2 Objective 2: To Identify The Level of Innovative Work Behaviour Practiced By Salespeople in Shopping Malls Studied.	68
5.3 Objective 3: To Analyse The Relationship	69

Between Entrepreneurial Competencies And Innovative Work Behaviour in Shopping Malls Study.	
5.4 Objective 4: To investigate the organizational climate influences the relationship between entrepreneurial competencies and innovative work behaviour in shopping malls studied.	71
5.5 Implication	73
5.6 Recommendation For Future Research	73
5.7 Summary	74
REFERENCES	75
APPENDICE A	87
APPENDICE B	88
APPENDICE C	89
APPENDICE D	90
APPENDICE E	97

LIST OF TABLES

TABLES	TITLE	PAGES
2.1	Journal of entrepreneurial competencies	25
3.1	Numbers of retail store in shopping mall	46
3.2	Types of data	48
4.1	Results of pilot test	51
4.2	Respondents' age	52
4.3	Respondents' gender	53
4.4	Education level of respondents	54
4.5	Years working in retail shop	55
4.6	Category of retail shop	56
4.7	Reliability test of innovative work behaviour	57
4.8	Reliability test of relationship competency	58
4.9	Reliability test of opportunity competency	58
4.10	Reliability test of organizational climate	59
4.11	Scale of measurement level	60
4.12	Mean of level of entrepreneurial competencies	60
4.13	Mean of level of innovative work behaviour	61
4.14	Model summary	62
4.15	ANOVA	62
4.16	Coefficients	63
4.17	Model summary	64
4.18	ANOVA	64
4.19	Coefficients	65

LIST OF FIGURES

FIGURES	TITLE	PAGES
2.1	MARS Model	38
2.2	Theoretical Framework of entrepreneurial competencies, organizational climate and innovative work behaviour	40
4.1	Respondents' age	52
4.2	Respondents' gender	53
4.3	Education level of respondents	54
4.4	Years working in retail shop	55
4.5	Category of retail shop	56

LIST OF ABBREVIATION

IWB	Innovative work behaviour
MARS	Motivation, ability, role perception and situation factor
SPSS	Statistical Package for Social Science
PSM	Project Sarjana Muda
%	Percentage

LIST OF APPENDICES

APPENDICES	TITLE	PAGES
A	Gantt Chart PSM 1	87
B	Gantt Chart PSM 2	88
C	Permission to Conduct Survey	89
D	Questionnaire	90
E	Results of descriptive analysis	97

CHAPTER 1

INTRODUCTION

1.1 Introduction

In order to gain more understanding about the relationship between entrepreneurial competencies, organizational climate and innovative work behaviour, this chapter will briefly explain the important aspects of the research. The important aspects included background of study, problem statement, research question, research objective, scope of study, limitation of study, significant of study, conceptual and operational definition, and conclusion.

The background of study will includes current information surrounding the issue, previous studies on the issue, and relevant history on the issue. This chapter will define the problem statements that require attention. There are four research questions and research objectives in this chapter. This research also will explain what information or subject is being analysed. Besides that, this research will describe why this research is important and can improve the performance of industry studied. This research also provides the definition of each variable wants to measure in the research.

1.2 Background of Study

Nowadays, most organizations face the threats of global competition, technological changes, and increasing customer expectations. This situation has increased the importance of promoting innovative workplaces for the long-term survival of the organizations (Imran & Anis-ul-Haque, 2011). Those organizations that are unable to initiate better and innovative ways to solve old and new problems may soon become extinct (Sookmee, 2010).

Innovativeness has been described as the ability to successfully implement creative ideas in order to make a specific and tangible difference in the domain in question. For example, create a successful products or services that can commercially marketed, or apply a totally new idea related to marketing, management, or production activities (Sandberg, Hurmerinta, & Zettinig, 2013). Besides that, according to the Carmeli, Meitar, & Weisberg (2006), innovative behaviour is defined as a multiple-stage process in which an individual recognizes a problem for which she or he generates new ideas and solutions, works to promote and build support for them, and produces an applicable prototype or model for the use and benefit of the organization or parts within it. Past research found the creativity and innovation are the main success factors of the enterprises. If their employees can effectively execute their innovative behaviour, it will help their enterprises stand out of complicated business environment (Su Chang Chen, 2010).

Innovative behaviour is behaviour directed towards the initiation and application (within a work role, group or organization) of new and useful ideas, processes, products or procedures (J. P. J. de Jong & Hartog, 2007; Khar Kheng, June, & Mahmood, 2013). Innovative work behaviour encompasses set of activities including recognition, development, modification, adoption and implementation of ideas (Afsar, F. Badir, & Bin Saeed, 2014).

Entrepreneurial competencies can be the an important factor to improve employees' performance and effectiveness at work (Sánchez, 2012). Entrepreneurial competencies defined individual characteristic that including skills, knowledge, and

other characteristic which required to improve individual and organizational performance (Kaur & Bains, 2013). Competencies can be demonstrated in the behaviour and actions of a person, relevant to one of the dynamic characteristics of competitiveness.

Besides that, organizational climate also could influence employees' performance. Organizational climate refers to organizational structure and process, behaviour among employees, performance expectation and growth opportunity (Stokes, 2013). The organizational climate forms the working environment that the members associate with their thoughts, feeling and behaviours (Açikgöz & Günsel, 2011).

1.3 Problem Statement

According to the Malaysia External Trade Development Agency 2013, Malaysia is embarking upon a new phase of development towards realizing its aspiration of becoming a developed nation by 2020. One major thrust of the country's Development Plan is to move the economy up the value chain, and inherent to this is the need to develop more innovation among company.

Innovativeness among employee is the variable that can improve organization performance. Innovation is the process of converting knowledge into value through the implementation of new or improved products, processes and systems (Ferraresi, Quandt, Santos, & Frega, 2012). In the present scenario, innovation is not only confined to specialists, scientists, and other research and development professionals but organizations for long-term success, must encourage and develop the innovative potential of all of their employees (Imran & Anis-ul-Haque, 2011).

The empirical study shows employee involvement in innovation can also lead to higher levels of innovative performance, efficiency and continuous improvement (J. de Jong, 2006). However, most of the researches are focused on organization

innovation (García-Morales, Jiménez-Barrionuevo, & Gutiérrez-Gutiérrez, 2012; Jung, Chow, & Wu, 2003; Length, 2009), but there are lack study about the innovation base on individual. J. de Jong (2006) has mentioned innovative work behaviour as a multi-dimensional behaviour which enables employees to contribute to the process of innovation. Innovation can be performed by an individual or an organization in order to increase workers' productivity and performance (Imran & Anis-ul-Haque, 2011). Therefore, this research is timely to fill the existing research gap to study the innovative work behaviour among the employee.

In order to cultivate production behaviour among employees, entrepreneurial competencies were required. The empirical study shows entrepreneurial competencies can improve performance at work (Sánchez 2012), but lack of study the entrepreneurial competency can stimulate innovative work behaviour. According to the Gerli & Gubitta (2011), entrepreneurial competencies allow them to implement processes, practices, and decision making activities that lead them to enter new or established markets with new or existing goods or services and to transform their capabilities into actual performance among the employee. So, this research will probe how the entrepreneurial competencies can have a relationship with innovative work behaviour among employees.

Organizational climate is a contributing factor to the degree to which creative behaviour is found among employees in an organization (Awwad & Ali, 2012). According to the Umoh & Harcourt (2013), working environment within the company will influences the attitude and behaviour of workers and it can motivate the workers to put their entire energy towards the success of the organization. Past study found the organizational climate can positively affect employee's creativity (Awwad & Ali, 2012). There are lack of study about how organizational climate can moderate the relationship between entrepreneurial competencies and innovative work behaviour. According to the Imran et al. (2010), organizational climate would encourage the employees of such organizations to practice innovative work behaviour. Therefore, this research needs to explore the organizational climate to moderate the entrepreneurial competencies and innovative work behaviour.

McShane, S.L. and Von Glinow (2005) proposed the MARS model as a useful framework to understand what drives individual behaviour and results. In the MARS model, individual behaviour is a factor of motivation (M), ability (A), role perceptions (R), and situational factors (S) (McShane, S.L. and Von Glinow, 2009). For instance, when employees wish to advance in their career, they might recognize their need to learn additional skills. The previous study found the relationship between MARS model and employees' performance in the workplace. There is lack of study about using MARS model to test the innovative work behaviour in the workplace. So, this research intends to bridge the gap by using MARS model to test the variables.

The respondents of this research were salespeople. Past research posits that the industrial salespeople have the potential to behave like an effective entrepreneur manifesting the innovativeness (Amyx, Bhuian, & Shows, 2016). Salespeople act as problem solvers who ideally seek change where it is in the best interest of their customers (Futrell, 2011). Amyx et al. (2016) mention salespeople can take chances by committing resources to pursue clients with potentially uncertain results and pushing innovative solutions to customer's problems. According to the Strutton, Pentina, & Pullins (2008), the role of creativity in enhancing business processes and functional outcomes has long been recognized. So, this study will carry out how the levels of innovative work behaviour among salespeople. This study will come out the relationship between entrepreneurial competencies and innovative work behaviour. This study also will find out how the organizational climate can moderate the entrepreneurial competencies and innovative work behaviour practiced salespeople in Melaka shopping malls.

1.4 Research Questions

- i. What are the levels of entrepreneurial competencies practiced by salespeople in shopping malls studied?
- ii. What are the levels of innovative work behaviour practiced by salespeople in shopping malls studied?
- iii. What are the relationship between entrepreneurial competencies and innovative work behaviour in shopping malls studied?
- iv. How the organizational climate influences the relationship between entrepreneurial competencies and innovative work behaviour in shopping malls studied?

1.5 Research Objectives

- i. To identify the levels of entrepreneurial competencies practiced by salespeople in shopping malls studied.
- ii. To identify the levels of innovative work behaviour practiced by salespeople in shopping malls studied.
- iii. To analyse the relationship between entrepreneurial competencies and innovative work behaviour in shopping malls studied.
- iv. To determine the organizational climate influences the relationship between entrepreneurial competencies and innovative work behaviour in shopping mall studied.

1.6 Scope of Study

The scope of this research are about the relationship between entrepreneurial competencies, organizational climate and innovative work behaviour. This research scope focused on the entrepreneurial competencies (independent variables), innovative work behaviour (dependent variable) and organizational climate

(moderating variable). The respondents focused on salespeople who work at shopping mall in Melaka.

1.7 Limitation of Study

Several limitations to this study has been identified in this research. Firstly, this research only focused on the salespeople in Melaka. The findings of this research will not involve other individuals who are in different field of work. Therefore, to generate the results for larger groups, the research should have involved more participants at different level of work.

The second limitation was time constrain and lack of budget to conduct this research study. The research study needs to complete in few months. Besides that, the data of research study are collect by questionnaire and the questionnaires are limited to the context of the study.

1.8 Significance of Study

The significance of this research is to help fill the existing research gaps. This study contributes to the enrichment of the literature to make up for the lack of research on the relationship of entrepreneurial competencies, organizational climate and innovative work behaviour. By enriching the literature in this field, it would contribute to the body of knowledge in exploring the relationships of these variables.

Besides that, this research identifies the level of competencies and innovative work behaviour among the salespeople. Therefore, this research wants to build awareness about the innovative work behaviour by using entrepreneur competencies and organizational climate among the salespeople in order to enhance their performance. According to the Izquierdo et al. (2005), entrepreneurship research has