

Impact of communication skills and risk taking on employee entrepreneurial orientation

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Abstract

The purpose of this study was to find out the Impact of two independent variable communication skills and risk taking on dependent variables namely employee entrepreneurial orientation. The data collected from EFU Hemayah Takaful Company of Pakistan. A sample of 101 employees were included in the study. The data was collected through online questionnaires. A structured questionnaire was developed using the past literature as the bases. Survey method was used for the purpose of this research work through survey questionnaire that contains 45 questions which a scale of 1 being disagreed and 5 being agree is being applied. A descriptive data analysis was applied for the purpose of this research via SPSS. After collecting results through questionnaire, and analysing the result using SPSS, it was that Communication Skills and Risk Taking will positively associated with employee entrepreneurial orientation.

Keywords: Communication Skills, Risk Taking, Employee entrepreneurial orientation, EFU Hemayah Takaful Company.

Introduction:

Entrepreneurial orientation is a tendency of businesses to act autonomously and innovative, take risks and is taking proactive initiatives to potential market condition. There are positive relationships between Organization culture and Employee Entrepreneurial Orientation. Entrepreneurial orientation (EO) refers to the processes, practices, and decision-making activities that lead to new entry (Lumpkin and Dess, 1996, p.136). Entrepreneurial firm is one that engages in product-market innovation, undertakes somewhat risky ventures, and is first to come up with proactive, innovations, beating competitors. EO has become a central concept in the domain of entrepreneurship that has received a substantial amount of theoretical and empirical attention (Covin, Green, & Slevin, 2006). More than 100 studies of EO have been conducted, which has led to wide acceptance of the conceptual meaning and relevance of the concept. EO refers to the strategy-making processes that provide organizations with a basis for entrepreneurial decisions and actions (e.g., Lumpkin & Dess, 1996; Wiklund & Shepherd, 2003). Drawing on prior strategy-making process and entrepreneurship research, measurement scales of EO have been developed and widely used, and their relationships with other variables have been examined.

Recent studies have found that the effect of EO on performance is influenced by firm size, national culture (Rauch et al., 2004), access to financial resources (Wiklund and Shepherd, 2005), network capability (Walter et al., 2005), and strategic processes (Covin et al., 2006). There are numerous studies on EO concept the most widely used EO concept is the one introduced by Miller (1983). The EO concept is then further developed by Covin and Selvin (1989) and several other researcher. In 1996 this concept is later enhanced by Lamkin and Dess. Previous existing studies indicated that EO had brought significant influence to firm performance levels (Zahra and Covin, 1995). During the early introduction of the EO concept, it is reported that this concept derived from a combination of three elements consisting of a firms proactiveness, innovativeness and Risk taking.

Lumpkin and Dess (1996) suggested that two additional dimensions were salient to EO. Drawing on Miller's (1983) definition and prior research (e.g., Burgelman, 1984; Hart, 1992; MacMillan & Day, 1987; Venkatraman, 1989), they identified competitive aggressiveness and autonomy as additional components of the EO construct. Covin and Slevin (2002) argued that managers should endeavor to promote an entrepreneurial dominant logic within the firm. There are two dimension of Organization Culture are used in this research paper Communication skills and Risk Taking. Objective of my study are how communication skills and risk taking will directly influence employee entrepreneurial orientation. We develop testable hypotheses related to the impact of communication skill and risk taking on employee entrepreneurial orientation. We then describe our data collection and analysis procedures, followed by the presentation of empirical results. The findings from our empirical study illustrate the importance of communication skills, risk taking and employee entrepreneurial orientation.

Literature Review

Communication skill and employee entrepreneurial orientation

According to Lumpkin & Dess (1996), EO is an opportunity seeking behavior by which a new firm can take the initiative to start the new business by utilizing its resources. Although entrepreneurial orientation has been defined in many different dimensions, such as autonomy, innovativeness, proactiveness, competitive aggressiveness, and risk-taking, three dimensions, innovativeness, proactiveness, and risk-taking, have been adopted most frequently in defining entrepreneurial orientation (Lumpkin & Dess, 1996).

The conceptualization of EO has been the focus of systematic inquiry in literature (Covin & Slevin, 1991; Covin et al., 2006; Dess et al., 1999; Lumpkin & Dess, 1996; Lyon, Lumpkin, & Dess, 2000), and several key dimensions of the construct have emerged. However, no conclusive definition is given for the EO. However, Covin & Wales (2011) regarded EO as an entrepreneur-ship process which is generated from the individual firm focused on the opportunity seeking behavior for market exploitation. Miller (1983) defined three main dimensions of EO as innovativeness, proactiveness and risk taking. These three constructs of EO have been used in entrepreneurial orientation literature very often to understand the firm's EO level. See, for example, Dimitrator et al. (2002) and Kemelgor (2002). However, Lumpkin & Dess (1996) further extended the EO conceptualization by adopting two more constructs, such as competitive aggressiveness and autonomy. Hence, according to Lumpkin & Dess (1996), EO consists of five dimensions, and in this paper we have adopted three of them, namely: proactiveness, Innovativeness and competitive aggressiveness. Rauch et al. (2009) find that in most of the cases, the EO research consists of only three dimensions of EO, (see, for example, Bhuian et al., 2005; Covin et al., 1994; Slater & Narver, 2000; Wiklund & Shepherd, 2003). Whereas, only George et al. (2001) used all the five dimensions of EO in their research.

Lumpkin and Dess (1996) explain the three characteristics and suggest that innovativeness is a firm's tendency to engage in and support new ideas, novelty, experimentation and creative processes that may result in new products, services or technological processes. Proactiveness is an opportunity-seeking, forward-looking perspective characterized by the introduction of new products and services ahead of the competition and acting in anticipation of future demand. Competitive aggressiveness refers to a firm's propensity to directly and intensively challenge its competitors to achieve entry or improve situation that is to outperform industry rivals (Lumpkin & Dess, 1996).

Communication skill is dimension of organization culture. A communication skill is defined as the ability to effectively achieve one's communicative goals or the proficiency with which one engages in particular communication behaviors. That is, individuals are considered to possess a communication skill when they are able to effectively produce or process messages in a particular context. Communication skills apply to all

contexts of human communication, including professional communication, organizational communication, small group communication, interpersonal communication, intercultural communication, health communication, public speaking, and mass communication. We want to check how communication skills of employee impact employee entrepreneurial orientation. We develop following testable hypothesis for this study.

H1: There is a positive relationship between communication skills and employee entrepreneurial orientation.

Risk taking and employee entrepreneurial orientation

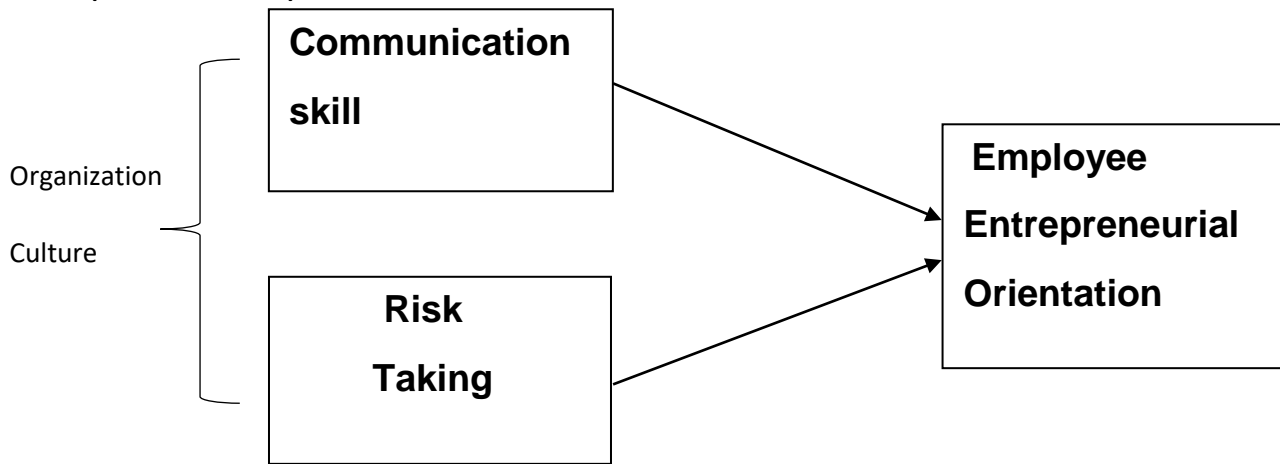
Miller (1983, p. 771) defines an entrepreneurial firm as —one that engages in product market innovation, undertakes somewhat risky ventures, and is first to come up with proactive, innovations, beating competitors to the punch. As mentioned above, entrepreneurial orientation (EO) is a concept that has been coined to refer to this type of strategic orientation.

Miller's (1983) original operationalization contained three dimensions: innovativeness, proactiveness, and risk taking. EO mirrors Stevenson and Jarillo's (1990) concept of entrepreneurial management as it reflects the organizational processes, methods and styles that firms use to act entrepreneurially (Lumpkin & Dess, 1996, p. 139). Conceptual arguments have suggested that the dimensions of EO should be viewed as separate but related constructs, rather than as one unifying characteristic (Lumpkin & Dess, 1996; Lyon et al., 2000). That is, firms can vary in degree of innovativeness, proactiveness, and risk taking so that they are not equally entrepreneurial across all dimensions. However, the dimensions are suggested to be positively correlated (Lumpkin & Dess, 1996), which has been validated empirically (Rauch et al., 2004).

Other dimension of organization culture which are used in this research paper is risk taking. A focus on risk in creative performance is well justified and has deep roots in several management phenomena. For example, according to Deming (1986), one vital prescription for success is to drive out fear from the organization. However, Pfeffer and Sutton (2000) tell us that fear remains a key problem in many workplaces today, reducing employee's desire to take risks. Their research emphasized the knowledge-doing gap in organizations. In essence, the gap is a void where no action is taken based on acquired knowledge due to the salience of risk. Their study of workers in a large U.S. firm shows that barely one third felt that innovative ideas can fail without penalty to the originating person or work unit (Pfeffer & Sutton, 2000). My purpose of conducting this research how risk taking behaviour influence employee entrepreneurial orientation. We develop following testable hypothesis for this purpose.

H2: There is a positive relationship between risk taking and employee entrepreneurial orientation.

Research Model:



Hypotheses

H1: There is a positive relationship between communication skills and employee entrepreneurial orientation.

H2: There is a positive relationship between risk taking and employee entrepreneurial orientation.

Methods

Sample and Data Collection Procedures

For current study, I collected data from EFU Hemayah Takaful Company Pakistan, employees working at different managerial level. The data was collected through online questionnaires. The questionnaire was distributed one time. Furthermore, each respondent also provided his or her demographic information such as age, gender, nature of job, work experience, and education. Of the 130 online distributed questionnaires, I received 101 complete surveys with a response rate of 77 %. The demographic results revealed that the majority of respondents (75.2%) were female and 25% were male. About 94% respondents had ages up to 25 years, 4 % had ages between 30 to 35 years and 2% had ages between 41 to 50 years. The sample showed significant variations across occupational levels comprising of 79.2% had 0-5 years of experience, 12% had 6-11 years of experience, 2% had 12-17 year of experience and 6.9% had 18 and above experience.

Measures

All constructs were measured using self-reports. All the responses were accessed using a 5point Likert-type scale with anchors 1 = strongly disagree, 2 = disagree, 3 = neither agree nor disagree, 4 = agree, and 5 = strongly agree.

Communication skills

For measuring Communication skill scale 29 items scale was used and it was developed M. Takahashi et al (2006). Questions like Eye contact, Using gestures, showing enthusiasm and good appearance were asked. Cronbach's alpha reliabilities of Communication skills was 0.917.

Risk taking

For measuring Risk taking 8 items scale was used and it was developed by Todd Dewett (2006). Questions like when I think of a good way to improve the way I accomplish my work, I will risk potential failure to try it out were asked. Cronbach's alpha reliabilities of Risk Taking was 0.842.

Employee entrepreneurial orientation

Employee Entrepreneurial Orientation three dimension scale namely Proactiveness, Agreesivness and risk taking are used in this research paper. For 8 items scale was used and it was developed by Catherine L. Wang (2008). Questions like in general, the top managers of our organization favor a strong emphasis on Research & Development, technological leadership, and innovations were asked. Cronbach's alpha reliabilities of Employee Entrepreneurial Orientation was 0.863.

Results and Discussion

Reliability analysis

Table 1 shows Reliability analysis

Variables	No. of items	Cronbach Alpha
Communication Skills	29	0.917
Risk Taking	8	0.842
Employee entrepreneurial Orientation	8	0.863

The values of variables are above 0.7. The values of variables are above 0.7 which means that the variables are internally consistent.

Corelation

The correlation test was performed to determine the correlation between communication skills (X1) and risk taking (X2), between communication skills (X1) and employee entrepreneurial orientation (Y), and between Risk Taking (X2) and employee entrepreneurial orientation (Y). The following table shows the correlation test result using the calculation by the SPSS application.

Table: Mean, S.Dv, Corelation and Relibility

	Mean	S.Dv	1	2	3
CS	3.8016	.60902	(.917)		
RT	3.8663	.67297	.712**	(.842)	
EEO	3.8441	.74779	.551**	.668**	(.863)

Note: **Indicate $p < .01$, value in bracket Pranthesis indicate Relibility.

As we can see from the table, there is a significant correlation between communication skills (X1) and risk taking (X2) with a correlation value of 0.712. In addition, there is also a significant correlation between communication skills (X1) and employee entrepreneurial orientation(Y) with a correlation value of 0.551, as well as a significant correlation between risk taking (X2) and employee entrepreneurial orientation (Y) with a correlation value of 0.668.

Regression

Linear regression analysis was used to test all main effect hypotheses. A regression analysis was performed to check the relationship between communication skills, risk taking and employee entrepreneurial orientation. Having employee entrepreneurial orientation as a dependent variable.

Table 1: Regression Model Summary

Model	R	R Square	Adjusted Square	R Std. Error of the Estimate
1	.676 ^a	.457	.446	.55652

Dependent variable: Mean_EEO

Predictors: (constant), Mean_RT, Mean_CS

The model summary above predicts that $R=0.676$, while R square is predicted as 0.457, R square adjusted is 0.446 which shows that 44.6% of the variance of the employee entrepreneurial orientation can be predicted by the independent variables (communication skills and risk taking).

Table 2: Model Significance

Model	ANOVA ^a				
	Sum of Square	Df	Mean Square	F	Sig
1	25.566	2	12.783	41.273	.000 ^b
Regression					
Residual	30.353	98	.310		
Total	55.919	100			

Dependent variable: Mean_EEO

Predictors: (constant), Mean_RT, Mean_CS

There is an application of ANOVA statistics that is used for the representation of the regression model significance. An F-significant value of $P = 0.000$ was derived which indicates that there is a probability of 0.0% of regression model representing an untrue information as this indicates that the model is highly significant.

Table 3: Beta Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1	Constant	.730		1.993	.049
	Mean_CS	.187	.153	1.439	.153
	Mean_RT	.621	.559	5.272	.000

a: Dependent Variable : Mean_EEO

The determined outcome or result of the above table of Beta coefficient shows that communication skills and risk taking have a significant and positive impact on employee entrepreneurial orientation, they are as follows communication skills (0.187, P=0.153), risk taking (0.621, P=0.000). Therefore, hypotheses 1 and 2 are supported.

Discussion

The study shows that a variable as communication skills and risk taking has positive effect on employee entrepreneurial orientation. The study demonstrated the importance of employee entrepreneurial orientation. Variables were correlated with each other and it was statistically significant. As a future research direction, we highlight the need for studies in different type of organization and using a larger sample of Population. Mediator also be taken in Research Model.

Limitations

The study was conducted in one city of Pakistan (Rawalpindi) resulting into creating a limitation of the study. As the study can also be conducted in different major cities of Pakistan. Secondly, it targets EFU Hemayah Takaful Company of Pakistan. In future, the study can also be conducted in different types of organizations like FMCGs. Thirdly Sample size were less, Sample of 101 employee were included in this research. In Future Large sample size can be used for this research.

Conclusion

The findings of this study enhance the understanding of the communication skills and risk taking in corporate culture. Two dimension of organization culture is positively link with employee entrepreneurial orientation. This study enhance the importance of three variable. It is also imperative to note that this type of study also has some shortcomings. Beside of two dimension of organization culture we use different type of organization culture. Research can be conducted in different organization with large sample size.

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QUESTIONNAIRE

Instructions: Using the scale provided, please select the option that best describes how much you agree with each statement.

1- Strongly Disagree	2- Disagree	3- Neutral	4- Agree	5- Strongly Agree
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Communication Skills:

Sr.	COMMUNICATION SKILL					
1.	Eye contact	1	2	3	4	5
2.	Using gestures	1	2	3	4	5
3.	Showing enthusiasm	1	2	3	4	5
4.	Good appearance	1	2	3	4	5
5.	Speaking loudly	1	2	3	4	5
6.	Choosing suitable sentences	1	2	3	4	5
7.	Greeting	1	2	3	4	5
8.	Asking a question	1	2	3	4	5
9.	Finding communication tips while conversing	1	2	3	4	5
10.	Speaking about own opinion or situation	1	2	3	4	5
11.	Expressing positive feelings to other people	1	2	3	4	5
12.	Active listening	1	2	3	4	5
13.	Saying yes to other people's requests	1	2	3	4	5
14.	Saying no to other people's requests	1	2	3	4	5
15.	Asking someone for something	1	2	3	4	5
16.	Starting a conversation	1	2	3	4	5
17.	Continuing the conversation when other people speak to you	1	2	3	4	5

18.	Counting good points of others	1	2	3	4	5
19.	Joining other people's conversation	1	2	3	4	5
20.	Ending the conversation politely	1	2	3	4	5
21.	Explaining own situation	1	2	3	4	5
22.	Promising	1	2	3	4	5
23.	Getting permission for a delay	1	2	3	4	5
24.	Negotiating with other people who have a different opinion	1	2	3	4	5
25.	Showing embarrassment	1	2	3	4	5
26.	Expressing the need for help	1	2	3	4	5
27.	Expressing negative feelings to other people	1	2	3	4	5
28.	Ignoring minor blame that is not own fault	1	2	3	4	5
29.	Correcting misinterpretations of other people	1	2	3	4	5

Risk Taking

	Risk Taking					
1.	When I think of a good way to improve the way I accomplish my work, I will risk potential failure to try it out.	1	2	3	4	5
2.	I will take a risk and try something new if I have an idea that might improve my work, regardless of how I might be evaluated.	1	2	3	4	5
3.	I will take informed risks at work in order to get the best results, even though my efforts might fail.	1	2	3	4	5
4.	I am willing to go out on a limb at work and risk failure when I have a good idea that could help me become more successful.	1	2	3	4	5
5.	I don't think twice about taking calculated risks in my job if I think they will make me more productive, regardless of whether or not my efforts will be successful.	1	2	3	4	5
6.	Even if failure is a possibility, I will take informed risks on the job if I think they will help me reach my goals.	1	2	3	4	5
7.	When I think of a way to increase the quality of my work, I will take a risk and pursue the idea even though it might not pan out.	1	2	3	4	5

8.	In an effort to improve my performance, I am willing to take calculated risks with my work, even if they may not prove successful.	1	2	3	4	5
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Employee Entrepreneurial orientation

	Employee Entrepreneurial orientation					
1	In general, the top managers of our organization favor a strong emphasis on Research & Development, technological leadership, and innovations.	1	2	3	4	5
2	In the past 5 years, our organization has marketed a large variety of new lines of products or services.	1	2	3	4	5
3	In the past 5 years, changes in our products or service lines have been mostly of a minor nature. (Reverse coded)	1	2	3	4	5
4	In dealing with competitors, our organization often leads the competition, initiating actions to which our competitors have to respond.	1	2	3	4	5
5	In dealing with competitors, our organization typically adopts a very competitive posture aiming at overtaking the competitors	1	2	3	4	5
6	Management actively responds to the adoption of —new ways of doing things by main competitors.	1	2	3	4	5
7	We are willing to try new ways of doing things and seek unusual, novel solutions.	1	2	3	4	5
8	We encourage people to think and behave in original and novel ways	1	2	3	4	5