

**Entrepreneurship and the interrelationships
between trust-in-leader, leader-member
exchange, work engagement and innovative
work behaviour.**

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**A research report submitted to the Faculty of Commerce, Law and
Management, University of the Witwatersrand, in partial fulfilment of the
requirements for the degree of Master of Management specializing in
Entrepreneurship and New Venture Creation.**

Johannesburg, 2018

Abstract

This study focused on corporate entrepreneurship involving the interesting but complex dynamics of the workplace, characterized by various relationship levels between managers and subordinates. It examined leader activities and characteristics, engagement and trust relationships between employees and their managers. The study further intended to measure the impact that these factors have on each other as well as on the activities of individual intrapreneurs, where it attempted to measure the level of *innovativeness* in the workplace.

The interrelationships between trust-in-leader (TIL), leader-member exchange (LMX), work engagement and innovative work behaviour (IWB) were investigated from a corporate entrepreneurial perspective. In the process two types of mediation were investigated. Firstly, to what extent did trust-in-leader (TIL) mediate the effect of leader-member exchange (LMX) on innovative work behaviour, leader-member exchange (LMX) on work engagement, and work engagement on innovative work behaviour (IWB)? Secondly, it also investigated to what extent work engagement mediated the relationship between LMX, as the predictive, and IWB as the criterion variable.

The research instrument consisted of 37 questions related to four constructs, each with its own relevant factors. The **trust-in-leader** scale is *uni-dimensional*, and consisted of one factor only as described in the literature. The **leader-member exchange** multi-dimensional scale also included four factors: *Affect, professional respect, loyalty, and contribution*. The scale measuring **work engagement** consisted of three factors, namely *vigour, dedication, and absorption*. The **innovative work**

behaviour scale included four factors: *Idea generation, idea exploration, idea championing, and idea implementation.*

Five demographic questions were included in the instrument: *Gender, race, tenure, education and age.* A total of 245 responses were collected, of which 48 were found to be incomplete. The study targeted seven corporate companies in Johannesburg, South Africa. Two of the companies provided 67 and 60 complete responses respectively, and a third company provided 31 complete responses. The remaining 39 complete responses came from the other four participating companies.

The research data was firstly subjected to an exploratory factor analysis (EFA), to determine how the data responded to factor loading and compared to the factors retrieved from literature. A structural equation modelling (SEM) approach was used to analyze the research data in testing the hypotheses.

Confirmatory factor analyses (CFA) results were assessed to determine (1) how innovative work behaviour (IWB) was influenced by leader-member exchange (LMX), (2) how leader-member exchange (LMX) influenced work engagement, (3) how work engagement influenced innovative work behaviour (IWB), (4) the relationship between leader-member exchange (LMX) and trust-in-leader (TIL), and (5) to what extent work engagement mediated the relationship between leader-member exchange (LMX) and innovative work behaviour (IWB). The analysis also determined (6) the extent that trust-in-leader (TIL) mediated the proposed relationships between leader-member exchange (LMX), work engagement, and innovative work behaviour (IWB) respectively.

The study intends to shed some light on the complex relationships encountered in the work environment that directly influence intrapreneurial behaviour in employees.

Declaration

I, Johannes Daniel Roos, hereby declare that this research proposal is my own work, except for citations, quotations, and references as indicated in the text. This thesis is submitted as part of the requirements for the completion of the Master of Management in Entrepreneurship and New Venture Creation (MM-ENVC) degree offered by the faculty of Commerce, Law and Management at the University of the Witwatersrand.

This thesis has not been used for any purpose other than the submission to the university for consideration towards earning the relevant degree.

Johannes Daniel Roos

Signed at: _____

On the _____ day of _____ 2019.

Acknowledgements

The day I registered for the Master of Management in Entrepreneurship and New Venture Creation degree, I strolled out of the big sandstone building on the main Wits campus with butterflies in my stomach. I had not walked a university campus for over 25 years, and the thought of becoming a part-time student filled me with both excitement and dread. Since the early 1990's I have honed my entrepreneurial skills on the ground, getting my hands dirty every day in various industries, countless business deals, and numerous ventures. I knew I had the entrepreneurial makeup for this course, but it soon proved that I was not exactly prepared for the journey that laid ahead.

The rollercoaster kicked off the first day of class, and the tempo of the programme astonished me. It took a lot of courage to realize that I had to change my cosy lifestyle, and direct it towards a *student-orientated approach*. It soon became apparent that I actually turned into a “full-time student” and “part-time” businessman! As the course gained momentum, each new module offered more clear puzzle pieces of an otherwise blurred picture from my past. The extent to which concepts and constructs in the program related to and addressed countless activities and experiences I encountered over a long business career intrigued me. It was like putting my past business life into neatly organized boxes. We carried on as individual students, but also as syndicate members, and burnt the midnight oil for many nights until finally putting down our pens at the last exam.

This was truly a great race, and a fantastic journey that taught me how business success is dependent on the intertwined relationship between academic knowledge, and practical experience.

It would not be possible to complete this excellent qualification if it was not for the support I received from people around me. In this regard I would like to thank the following individuals in particular:

- My mother Christene Roos, for making it possible for me to do this course, and for all your interest in my studies, your love and support.
- My sister Estelle Home, and brother in-law Ian Home. Thank you for housing me, and for all the times we studied together on the stoep.
- My two “brothers in arms”, Ashwin Willemse, and Jarryd Chengalroyen. Thanks for the many hours we spent discussing intricate concepts and spinning ideas around, it really helped so much to stay focused.
- Syndicate 3: Mmathebe Zwobwo, Abelphard Murimbika, Ashwin Willemse and Lesiba Mokoka. Thank you, guys, for the camaraderie and for being the best syndicate on the program.
- My business partner, Kent Mvabaza, for standing in for me on numerous occasions at work.
- Meisie Moya: As the programme coordinator you did a fantastic job, and were always available to assist me with any administrative issues.
- Lawrence Lubyayi, for helping me fit the right analytical models to the data, and doing an excellent job analyzing, and interpreting the results.
- Dr Riekie Swanepoel, for helping me with content layout and understanding the correct approach towards academic writing.
- My supervisor, Professor Boris Urban. Thank you very much for your support and the direction you gave to my research efforts.

I would also like to thank my Lord Jesus Christ for giving me everlasting life, and the opportunity, health, skills and capability to complete this course.

Dedication

I dedicate this research report to my two boys, who I love very much,

Sean & Anton Roos

Don't wait as long as I did before you do your Master's degree. Life is too short to
make your own mistakes.

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List of Acronyms

CE	Corporate entrepreneurship
CEAI	Corporate entrepreneurial assessment instrument
CFA	Confirmatory factor analysis
EDA	Exploratory data analysis
EFA	Exploratory factor analysis
EO	Entrepreneurial orientation
EU	European Union
H	Hypothesis
HRM	Human resources management
IWB	Innovative work behaviour
KMO	Kaiser-Meyer-Olkin
LMX	Leader-member exchange
MDM	Multi-dimensional measure
NQF	National qualifications framework
ns	Non-significance
OCB	Organizational citizenship behaviour
OHP	Occupational health psychology
PCA	Principal component analysis
Psy-Cap	Psychological capital
SEM	Structural equation modelling
SET	Social exchange theory
TIL	Trust-in-leader
TLI	Tucker-Lewis Index
UWES	Utrecht work engagement scale
VDL	Vertical dyad linkage

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