The Dark Side of Entrepreneurial Orientation (EO) within Organizations:

Why high EO can foster SME employees' entrepreneurial intention

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Extended Abstract

Few researchers have investigated the impact of role models on individuals' entrepreneurial intentions (Bosma et al., 2012; van Auken et al., 2006). We therefore focus on how role models shape employees' intentions to leave their organizations in order to start up their own businesses. Studying this phenomenon is important since an employee's decision to leave a firm in order to establish another firm within the same industry might be unpleasant from the organization's point of view, as the organization could not only lose human capital but also face a new competitor. Notably, established companies' employees are the most important source of entrepreneurship (Bhide, 1994; Hellmann, 2007), and employees' entrepreneurial intentions and their start-up actions seem particularly relevant in high-tech or creative industries (e.g., Lee et al., 2011).

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We draw on social learning theory to examine how entrepreneurial role models within an organization influence employees' entrepreneurial intentions. More specifically, we examine how SME managers' entrepreneurial behavior (i.e. their entrepreneurial orientation, their explorative and exploitative behavior), as role models, affect employees' entrepreneurial intentions (i.e. their intention to establish start-ups within the same or another industry). As SMEs' structures entail more direct personal interaction between managers and employees, social-learning theory might serve as an appropriate theoretical underpinning.

We state that SME managers who are explorative role models (i.e. high level of entrepreneurial orientation) foster employees' start-up intentions, whereas role models who have a balanced exploration-exploitation orientation (i.e., ambidextrous role models) or an exploitation orientation do not. As a causal driver of this effect, we examine how managers as role models influence employees' entrepreneurial self-efficacy (Boyd & Vozikis, 1994; Zhao et al., 2005). In particular, we state that managers with high entrepreneurial orientation who are explorative role models foster employees' self-efficacy and, as a consequence, entrepreneurial intentions, whereas role models of balanced exploration-exploitation as well as exploitative role models have less impact on employees' entrepreneurial self-efficacy and, therefore, their entrepreneurial intentions.

To test our hypotheses, we run a quantitative analysis. Relying on established measurement scales, we survey 118 employees of SMEs active in diverse industries. According to our data, regarding entrepreneurial orientation, explorative role models foster employees` entrepreneurial self-efficacy and (as a consequence) employees' entrepreneurial intention. Hence, exploitative role models did not influence employees' entrepreneurial self-efficacy or entrepreneurial intention. And role models of balanced exploration and exploitation (i.e. ambidexterity) did not influence employees' entrepreneurial self-efficacy and, as a consequence of that, employees' entrepreneurial intentions.

Our findings contribute to the extant literature by further clarifying positive effects of explorative and exploitative behavior in the context of SMEs and discussing a negative side effect of

managers' entrepreneurial orientation. Our findings also have managerial implication, as managers' balanced exploration-exploitation behavior might be important for further preventing undesirable start-up activities among employees.

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