MEDIATING ROLE OF STRESS BETWEEN ENTREPRENEURIAL LEADERSHIP AND ORGANIZATIONAL CITIZENSHIP BEHAVIOR: A CASE OF ENTREPRENEURIAL VENTURES IN IRAQ

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ABSTRACT

The essence of Organizational Citizenship Behavior (OCB) has now been considered as a sustainable source of competitive advantage and especially in start-ups. These papers aims at to exploring how different factors influencing on developing employee’s citizenship behavior and effect the viability of new ventures. Additionally, it examines the mediating impact of stress in the relationship between entrepreneurial leadership and OCB. This paper adopted survey questionnaire to collect data from the employees working in newly established entrepreneurial ventures in Iraq by randomly distributing 592 questionnaires and received 359 completely answered questionnaires. The Partial Least Square Structural Equation Modeling (PLS-SEM) was utilized to examine the direct and mediating effects. The results of data analysis reveal the negative significant effect of entrepreneurial leadership and stress on developing organizational citizenship behavior in entrepreneurial ventures in Iraq. The study has some useful aspects for the academic researchers to further explore the examined phenomenon in different contexts. The findings of this paper are also helpful for the entrepreneurs and policy makers especially for the SMEs sector in Iraq.

Keywords: Entrepreneurial Leadership, Entrepreneurial Ventures, Organizational Citizenship Behavior, Employees Stress.

INTRODUCTION

Existence of human beings and survival in the environment naturally depend on the enterprises’ subsistence and ability to cope with various stakeholders’ requirements towards structural, economic, communal and environmental intergenerational equity (Chowdhury, 2013). Though, conflicts at organizational, economic and environmental level have impacted effective implementation of sustainability measures in organizations. The organizational citizenship has now been considered to resolve such conflicts and benefit, viable and responsible for future enterprises. Moreover, sustainable performance in organizations further requires the proactive and creative competence towards fulfilling multiple stakeholders’ needs and expectations. These requirements, therefore, need that organizations should have endogenous ability to resolve conflict at organizational and societal, and financial and environmental level. This reference of sustainability performance is holistic in nature and takes organizational, societal, economic and environmental equity into context.
In organizations, the essence of Organizational Citizenship Behavior (OCB) is a critical indicator to assess employee’s commitment with job and ultimately leads to satisfaction (Faisal et al., 2016; Shabbir, 2009; Jafari et al., 2011; Shabbir et al., 2018). Organizational citizenship behavior can be described as an individual’s discretionary behavior that neither is nor directed by his or her organization and neither the part of his or her official reward mechanism. Employees with organizational citizenship behavior are generally perceived as high performer and receive quite better rewards than others (Alkahtani, 2015). Similarly, Entrepreneurial Leadership (EL) also considers as an important factor that enables an organization to respond in volatile environment and works for the enterprise’s effectiveness (Sani & Maharani, 2012). Generally, entrepreneurial leadership concept is not as simple as performance, nevertheless, it is a social process by which entrepreneur regulates others improve their capacities to achieve organizational goals (Kruse, 2013). Leader inspires the individuals working around by directing them to complete the tasks and motivates them to perform better. Consequently, it has a great influence on employee’s behavior and their actions (Sharaﬁ & Rajiani, 2013). Correspondingly, entrepreneurial leadership can also develop Organizational Citizenship Behavior (OCB) among employees by leveraging contingent rewards and considering employee’s performance to nurture organizational citizenship behavior among working employees (Ali & Waqar, 2013).

Preceding studies demonstrated that entrepreneurial leadership has a positive impact over OCB of employees (Podsakoff et al., 2000; Lian & Tui, 2012; Suliman & Al Obaidli, 2013; Rodrigues & Ferreira, 2015). Some studies, however, reported that EL indicated weak and insignificant impact on OCB (Ali & Waqar, 2013). The contradictions of results, therefore, make the impact of entrepreneurial leadership ambiguous. These ambiguities at work place play the role of stressors. Additionally, it is evident that stress has a negative impact on employee’s work performance as well as on OCB. Likewise, limited access to needed information increases stress and reduces OCB (Eatough et al., 2011). Entrepreneurial leadership, at some also extent may cause stress in employees (Sherman, et al., 2012). High level of stress in organization decreases the support’s effect and leads to the employee’s negative interactions regarding OCB (Jain et al., 2012). Individual consideration is considered as a strong element of transformational entrepreneurial leadership, to reduce the stress.

The controversies and inconsistencies in the literature, therefore, provide justifications to further explore the antecedents of OCB and their possible impacts. Keeping in view the preceding research on OCB, the present study considers the mediating role of stress between entrepreneurial leadership behavior and OCB on the relationship between EL and OCB in entrepreneurial ventures in Iraq. A thorough review of the literature perhaps guides that this combined effect of EL, OCB, and stress is scarce, especially in the entrepreneurial ventures and start-ups, which advocates addressing this gap in the body of existing knowledge. The study was, therefore, conducted to examine the mediating role of stress on the relationship between EL and OCB of newly established ventures’ employees.

LITERATURE REVIEW

Organizations do not punish their employee who does not exhibit OCB (Podsakoff et al., 2000). OCB is a behavior which employees perform with their own choice without any pressure of supervisors and this extra role behavior is very essential for the sustainability of organization especially for start-ups (AlKerdawy, 2014). In recent literature theorists argued that productivity of an organization increase as much as the employees are involved in OCB. OCB is crucial to retain the employees with organization. Saif-Ud-Din & Adeel (2016); Jafari & Bidarian (2012)
revealed that organizational justice and OCB of employees are directly correlated with each other. Additionally, Leader’s fair behaviors to treat employees, direct the employees to perform OCB. Those employees who see that their leader treats them fairly are more engaged to OCB (Williams et al., 2002). Ahmed et al. (2011) conducted a study on financial sector employee of Pakistan and examined the relationship between fairness of appraisal in performance and OCB with organizational commitment as a mediator. They stated that fair treatment of supervisors in organization is much contributive way to reduce the employees intention to leave the organization. Mohammad et al. (2011) measured the impact of job satisfaction on OCB. The relationship found between job satisfaction and extra role behavior is significant and positive (Murphy et al., 2002). Job satisfaction is directly related to employee’s OCB. For example, Arif & Chohan (2002) examined the impact of job satisfaction on OCB from 350 employees of banks. Study revealed that there is a direct impact of job satisfaction on employee’s OCB. They further highlighted that job satisfaction casuses 32.6% variations in employee’s extra role behavior.

Entrepreneurs’ leadership directly influence employee’s behavior in a positive manner (Salman et al., 2018; Shabbir et al., 2016:2018). Employees behavior depends on OL (Sani & Maharani, 2012). Entrepreneurial leadership is defined as a mechanism of social influence in which a leader use authority to discribe and direct their subordinates to accomplish organizational goals (Yaffe & Kark, 2011). Helmrich (2016) stated that there is no universal definition of leadership, researcher defined leadership in different perspectives such as Katie Christy defined that leadership is about an individual ability who understand and use his own strenghts as well as his team member’s capacities to achieve the organizational goals. Entrepreneurial leadership is a mechanism through which a leader who organize plans to accomplish a goal through a strategy and influence their follower’s behavior as a whole by directing them to attain organizational mission (Bosma et al., 2011; Kelley et al., 2015). Individuals have not the ability or traits of a leader by birth and similarly entrepreneurial leadership is not restricted to only one person with in a community or group. Entrepreneurial leadership is a process by which socially a person influence the whole group to achieve a common purpose (Salman et al., 2011). By summarizing all the diverse definitions of entrepreneurial leadership it is concluded that the process of influencing the subordinates who work for a common goal is referred to as entrepreneurial leadership.Entrepreneurial leadership directly influences employee’s behavior which is associated with organizational effectiveness (Suliman & Al Obaidli, 2013). Entrepreneurial leadership is an important element of an organization which has a greater impact on shaping employee’s behavior towards organizational outcomes such as OCB. A leader can recognize the importance of OCB in employees and direct them to perform extra role behavior (Salman et al., 2011; Shabbir, 2009). Entrepreneurial leadership styles positively influence OCB of employees. OCB of employees can positively and significantly be predicted through transactional and transformational entrepreneurial leadership behavior (Rodrigues & Ferreira, 2015).

There is a strong relationship between entrepreneurial leadership and stress. Due to stress about 60-80% stressful events occurred at workplace and other health problems are also associated with workplace stress (Seppala & Cameron, 2015). Managerial leadership causes stress in their subordinate at workplace and had a negative impact of employee’s health. Managerial entrepreneurial leadership showed slight impacts on employee’s health and the same generate a low degree of stress in their subordinates (Westerlund et al., 2010).
Underpinning Theory

Social cognitive theory can be explained as the basic process of correlation among EL, Stress, and OCB. People evaluate the influences before changing their behavior (Walker & Posner, 2003). Behavior is a complex psychological pattern, to understand the mechanism of behavioral effect it is necessary to include influencing factors to observe causal system (Bandura et al., 1977). Social cognitive theory has main focus on cognition i.e. self-regulation or self-efficacy. This theory is considered best to understand that how environmental factors or cognition process influence behavior of employees (Lin, 2015).

Feelings of tensions or worries, which may be mental, emotional or physical, are referred as stress, interaction between person and environment may also cause stress (Krithika & Robinson, 2016). Therefore, employees stress mediates the impact of leader’s behavior on employee’s behavior to perform OCB. In literature it is stated that behavior of leader has a great impact to change the employee’s responses to exhibit OCB. EL has an ability to change or motivate their employees to involve in extra role behavior (Malik et al., 2016). Theory postulates that there is no direct relationship between response and stimulus, this relationship is mediated through a cognitive process i.e. stress. Therefore, this study supports social cognitive theory by taking stress as a mediator rather than independent variable on the relationship between EL and OCB. Social cognitive theory of Bandura (1986) is the base for this research model.

![Diagram showing the relationship between Entrepreneurial Leadership, Stress, and Organizational Citizenship Behavior](image)

**FIGURE 1**

**THEORETICAL FRAMEWORK**

**METHODOLOGY**

The purpose of this study was to analyze the mediating role of stress on the relationship between EL and OCB. The unit of analysis in this study was employees of entrepreneurial ventures in Iraq. Therefore, the data of an individual level of analysis was carried out. In an economy, SMEs as entrepreneurial ventures are included in top contributor of economic development. The newly established SMEs which are operating in Baghdad region, Iraq were considered for this study. To determine the perception, feelings and evaluation, likert scale was used which also help to identify the respondent’s position to the questions asked to them (Hartley & MacLean, 2006; Gee, 2013). All the items of entrepreneurial leadership were measured with identical rated five point likert scale ranging from 1 (not at all), 2 (once in a while), 3 (sometimes), 4 (fairly often) and 5 (frequently). To measure the items of OCB, stress and SS 5 point likert scale was used with similar rating responses ranging from 1 (strongly disagree), 2 (disagree), 3 (neutral), 4 (agree) and 5 (strongly agree).

**RESULTS AND DISCUSSION**
To measure the OCB of employees, a total of 10 items were adapted from Soo & Ali (2016). Internal reliability of items were 0.86. In the present study OCB was measured unidimensionally. To measure the organizational leadership, MLQ were used in the present research. It is stated that MLQ is found to be a good measuring scale of entrepreneurial leadership behavior (Ahmad et al., 2013). Internal reliability of the construct was 0.88. To determine the rate of occurrence of a stressful relation between employees and immediate leader measurements were adapted from different surveys such as UCLA SS Inventory. UCLA SS Inventory is adapted several times in past studies (Beal, 1994). To analyze the degree of stress that an employee faces the adopted scale has reliability of 0.91.

Generally, if the population is about 100,000 then the sample size will be about 383 at 95% confidence level. This study followed probability sampling as it is necessary to generalize the results (Sekaran & Bougie, 2005). Therefore, researchers used systematic sampling technique to minimize the degree of biasness (Depersio, 2015).

Questionnaire was used as a data collection tool and 592 questionnaires were personally distributed among employees of SMEs out of which 359 questionnaires were returned with a response rate of 60.62%. After ensuring good response rate, the next step was to employ PLS-SEM analysis. Reliability and validity are two main criterions which are considered to evaluate the outer model (Tenenhaus et al., 2005). Items reliability and internal consistency were measured using Composite Reliability (CR) with a recommended threshold value of 0.70 (Henseler et al., 2013); and Average Variance Extracted (AVE) with a threshold value of 0.50 and above. Furthermore, indicator’s outer loadings were also calculated (Hans et al., 2015; Gye-Soo, 2016) (Table 1).

<table>
<thead>
<tr>
<th>Variables</th>
<th>Items</th>
<th>Loadings</th>
<th>Cronbach’s Alpha</th>
<th>Composite Reliability</th>
<th>AVE</th>
<th>Discriminant Validity?</th>
</tr>
</thead>
<tbody>
<tr>
<td>OCB</td>
<td>OCB1</td>
<td>0.83</td>
<td>0.86</td>
<td>0.90</td>
<td>0.50</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>OCB10</td>
<td>0.67</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>OCB2</td>
<td>0.71</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>OCB6</td>
<td>0.51</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>OCB7</td>
<td>0.82</td>
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<tr>
<td></td>
<td>OCB8</td>
<td>0.84</td>
<td></td>
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<tr>
<td></td>
<td>OCB9</td>
<td>0.79</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EL</td>
<td>OL1</td>
<td>0.76</td>
<td>0.88</td>
<td>0.90</td>
<td>0.55</td>
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<tr>
<td></td>
<td>OL10</td>
<td>0.60</td>
<td></td>
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<tr>
<td></td>
<td>OL2</td>
<td>0.79</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td></td>
<td>OL3</td>
<td>0.58</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>OL4</td>
<td>0.61</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>OL5</td>
<td>0.58</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>OL6</td>
<td>0.74</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td></td>
<td>OL7</td>
<td>0.77</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>OL8</td>
<td>0.74</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td></td>
<td>OL9</td>
<td>0.72</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>S</td>
<td>S1</td>
<td>0.73</td>
<td>0.91</td>
<td>0.93</td>
<td>0.59</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>S2</td>
<td>0.85</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>S3</td>
<td>0.76</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>S4</td>
<td>0.72</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>S5</td>
<td>0.71</td>
<td></td>
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<tr>
<td></td>
<td>S6</td>
<td>0.78</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>S7</td>
<td>0.80</td>
<td></td>
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</tr>
</tbody>
</table>
Six items were deleted out of 38 in the analysis of outer model because their outer loading did not meet the suggested threshold level which is greater than 0.5 was met (Wixom & Watson, 2001). Once the reliability and validity of the measurement model were evaluated, the next step was to evaluate the inner model (structural model). First of all collinearity was examined before assessing the structural model (Sarstedt et al., 2014) (Table 2).

<table>
<thead>
<tr>
<th>Constructs</th>
<th>OCB</th>
</tr>
</thead>
<tbody>
<tr>
<td>OCB</td>
<td>-</td>
</tr>
<tr>
<td>OL</td>
<td>1.366</td>
</tr>
<tr>
<td>Stress</td>
<td>1.281</td>
</tr>
</tbody>
</table>

Note: OCB=Organizational Citizenship Behavior, OL=Entrepreneurial leadership, S=Stress.

The proceeding step after confirming the absence for collinearity problem was to assess the structural model. Through, PLS-SEM Algorithm in Smart PLS 3.0, the size of the path coefficients was examined, and then bootstrapping procedure was carried out to assess the significance of the relationship. The analysis of the direct relationship between the independent variable and the dependent variable were focused in first model. A mediating variable of stress was introduced in the second model, and analysis of the relationship between the independent variable EL was examined. The relationship between stress and OCB were then examined.

**FIGURE 2**

PLS-SEM ALGORITHM DIRECT RELATIONSHIP

On the basis of PLS-SEM algorithm and bootstrapping procedure, the results were reflected that independent variable (EL) had a positive impact over the dependent variable (OCB). The result suggested that there was a significant relationship between EL and OCB of employees with respect to $H_1$ ($\beta=0.439; t=8.988; p<0.001$); therefore, $H1$ is supported (Table 3).
The mediating variable was introduced in the second model, and the relationships between EL and stress, as well as stress and OCB, were measured. The path coefficients between EL and stress were negative as shown below in Figure 4. Similarly, the path coefficient between stress and OCB was also negative. In Figure 4, the bootstrapping results showing the relationship was significant with a negative coefficient at $p<0.05$. 
The indirect effect of the exogenous variable on the endogenous variable via an intervening variable was assessed in mediation analysis. To assess mediation, a causal steps strategy was used in which the product of coefficient method or Sobel test (Tavakoli, 2013) was used. After inclusion of the mediating construct, i.e. stress in model 2, the bootstrapping result of 5,000 subsamples was used to multiply path a and path b. To assess the t-value, the product of the two significant paths (paths a & b) was divided by the product of the standard error of two paths (a*b/Sab). It is, therefore, clear from Table 4 that stress mediated the relationship between EL and OCB (β=0.035; t=3.976; p<0.001). However, Table 4 shows that stress mediate the relationship between EL and OCB (β=0.035; t=8.903; p<0.001).

Finally, one interaction term was included. Figure 5 shows that there is a significant addition in the R² level. The only interaction term is found to be significant as shown in Figure 5. From Table 5 below, it is clear that, the interaction term of EL*SS is found to be significant (β=0.081; t=2.635; p<0.05); therefore, H5 is supported.

### Table 4

<table>
<thead>
<tr>
<th>Hypotheses/Path</th>
<th>Path Coefficient</th>
<th>Standard Error</th>
<th>T-Statistics</th>
<th>P-Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>H2: EL-&gt;S</td>
<td>-0.434</td>
<td>0.070</td>
<td>5.616</td>
<td>0.000</td>
</tr>
<tr>
<td>H3: S-&gt;OCB</td>
<td>-0.080</td>
<td>0.056</td>
<td>7.766</td>
<td>0.000</td>
</tr>
<tr>
<td>H4: EL-&gt;S-&gt;OCB</td>
<td>0.035</td>
<td>0.042</td>
<td>8.903</td>
<td>0.000</td>
</tr>
</tbody>
</table>

Note: OCB=Organizational Citizenship Behavior, EL=Entrepreneurial leadership, S=Stress.

### Table 5

<table>
<thead>
<tr>
<th>Hypotheses/Path</th>
<th>Path Coefficient</th>
<th>Standard Error</th>
<th>T-Statistics</th>
<th>P-Value</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1: EL-&gt;OCB</td>
<td>0.439</td>
<td>0.052</td>
<td>8.988</td>
<td>0.000</td>
<td>Supported</td>
</tr>
<tr>
<td>H2: EL-&gt;S</td>
<td>-0.434</td>
<td>0.070</td>
<td>5.616</td>
<td>0.000</td>
<td>Supported</td>
</tr>
<tr>
<td>H3: S-&gt;OCB</td>
<td>-0.080</td>
<td>0.056</td>
<td>7.766</td>
<td>0.000</td>
<td>Supported</td>
</tr>
<tr>
<td>H4: EL-&gt;S-&gt;OCB</td>
<td>0.035</td>
<td>0.042</td>
<td>8.903</td>
<td>0.000</td>
<td>Supported</td>
</tr>
</tbody>
</table>

Note: OCB=Organizational Citizenship Behavior, EL=Entrepreneurial leadership, S=Stress.
Coefficient of determination ($R^2$) is one of the most commonly used criterions for assessing the inner model (structural model). From the value of $R^2$, the proportion of variations in the endogenous variable explained by the exogenous variables included in the study was measured.

The value of $R^2$ greater than 0.27 (27%) is considered as substantial, if it is greater than 0.13 than moderate and the value of $R^2$ is less than 0.02 than it indicates week $R^2$ value (Strub & Cieszewski, 2012; Nakagawa & Schielzeth, 2013). From Figure 5 above values of $R^2$ reported in Table 6 below.

<table>
<thead>
<tr>
<th>Path</th>
<th>$R^2$</th>
</tr>
</thead>
<tbody>
<tr>
<td>EL-&gt;OCB</td>
<td>0.193</td>
</tr>
<tr>
<td>EL-&gt;S</td>
<td>0.189</td>
</tr>
</tbody>
</table>

Note: OCB=Organizational Citizenship Behavior, OL=Entrepreneurial leadership, S=Stress.

From the Table 6 it is clear that the independent variable (EL) explain only 19% variations in the mediating variable (stress). While, value of $R^2$ in the table indicates that 46% variations in the endogenous variable (OCB) explained by the three exogenous variable (OL, and stress) combined in the model. Hence, it is concluded on the bases of above results of assessments of $R^2$ of endogenous variable EL behavior (46%) and stress (19%), which demonstrate that the predictive validity of model is moderate to substantial.

**CONCLUSIONS AND RECOMMENDATIONS**

In the present study, the gaps of preceding studies were addressed in order to advances the understanding of the observed phenomenon, such as: (i) the inclusion of stress (negative emotions) as mediator that intervenes between EL and OCB, and (iii) the use of the mediator in a single model. Altogether, by using the technique of PLS-SEM to determine the overall impact of EL behavior on OCB, present study aimed at contributing in the OCB literature by providing empirical evidence. A comprehensive analysis of the effects of EL on OCB was developed through PLS-SEM data analysis approach. This study has highlighted some interesting findings. Firstly, findings of the study revealed that stress mediates between EL and OCB and provide a foundation for future research to investigate the relationship between EL and OCB with the inclusion of potential negative emotions of employees as a mediator that serve as barriers.

Keeping the findings of this paper in view, the benefits of organizational citizenship behavior can be viewed in productivity, efficiency, reduced costs, customer satisfaction, and unit level turnover and organizational effectiveness. This may be helpful for policy makers to consider these consequences which may contribute to the organizations to gains Competitive advantage. Organizations may Sustain Competitive Advantage through sustaining the OCB among the employees of the Organization. Such findings of the present study open new avenues for future exploration to investigate other forms of support. Finally, the whole study provides a comprehensive assessment of the relationship between all the variables which were considered in the present study.

In this study all the variables were measured as a uni-dimensionally. So, the future studies can consider assessing by looking at the dimensions that how they exclusively affect the relationship of EL and OCB. Multi-dimensionality of constructs would provide an in-depth
understanding of the nature of the relationship. Therefore, this study suggests that future studies should further consider multidimensionality of the variables.

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