

# **SELF-LEADERSHIP, ENTREPRENEURIAL ORIENTATION, AND INNOVATION PERFORMANCE OF FIRMS**

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## **ABSTRACT**

*Based on theoretical discussions, the paper proposes that the self-leadership of strategic leaders helps to take strategic decisions, and influences innovation performance of firms. Entrepreneurial orientation of firms encourages the leaders to take risky entrepreneurial decisions, and positively influences the relationship between self-leadership and innovation performance of firms. The paper also discusses research gaps and future research directions.*

**Keywords:** Entrepreneurial Orientation, Self Leadership, Innovation Performance.

## **INTRODUCTION**

Due to the uncertain global environment, the resources and capabilities of firms are becoming obsolete, and firms need reconfigure their resources to develop new product and services. To develop new products or services, the firms can only depend on innovation. Innovative performance of the firms can help them to generate new creative ideas and translate those to new products or services. Leaders play a vital role in this process of innovation (Redmond et al., 1993; Tierney, Farmer, & Graen, 1999).

Creative people are autonomous in nature (Mumford et al., 2003). In the organizational context, CEO or the strategic leader can exhibit various types of leadership styles such as charismatic leadership, transformational leadership, authentic leadership, ethical leadership, implicit leadership, self-leadership, shared leadership, team leadership etc. Past literatures have extensively studied the positive relationship between transformational leadership and innovation. But, in the increased competitive world, transformational leadership is not enough to develop excellent innovative capability of the firm. Especially in the top management team responsible for the strategy of the firm, the nature of leadership should be aligned towards the independent thinking of strategic leader and members to build the innovative capability of the firm. There is no past literature available that analyzes the combined roles of self-leadership of strategic leader and shared leadership in the top management team to promote autonomous thinking of the members of the top management team and helps to develop innovation performance at the organizational level. The aim of the paper is to fill up this gap in the research literature. Moderating role of entrepreneurial orientation of firms is also studied.

## **SELF-LEADERSHIP AND INNOVATION PERFORMANCE**

Self-leadership is a normative model of self-influence that operates within the framework of more descriptive and deductive theories such as self-regulation and social cognitive theory (Neck & Houghton, 2006). Self-leadership helps in the generation of new idea. Self-leadership

skills are positively related to the innovative behavior at the work (Carmeli et al., 2006). Individuals with strong self-leadership will consider themselves to have more innovation and creativity potential than individuals who have weak self-leadership, and that individuals who have innovation and creativity potential will be more likely to practice innovation and creativity when they perceive strong support from the workplace than individuals who perceive weak support from the workplace (DiLiello & Houghton, 2006). Thought Self-Leadership" involves individual self-influence through cognitive strategies that focus on self-dialogue, mental imagery, beliefs and assumptions, and thought patterns (Neck et al., 1999). In the context of schools, teacher efficacy, teaching affect, and teaching self-concept were significantly related to teachers' attitudes regarding the congruence, difficulty of use, and importance of the recommended practices (Guskey, 1988). Self-leadership contains self-management and thought leadership (Markham & Markham, 1995). Several aspects of follower self-conception (i.e., self-construal, self-efficacy, self-esteem, and self-consistency) may be affected by leadership (Van et al., 2004). Authenticity is not achieved by self-awareness of one's inner values or purpose, but instead is emergent from the narrative process in which others play a constitutive role in the self (Sparrowe, 2005). A cognitive-based self-leadership enhances the individual participative goal setting and achieves effective participative behavior (Neck et al., 2004). Self-leadership can maximize intrinsic motivation and improve self-direction (Williams, 1997). In the settings of virtual teams, due to finite lifespan and specific deliverables, all members are self-managed (Carte et al., 2006) and self-leadership is the main form of leadership. In the context of failure, emotion regulation and self-leadership can work together to help those who have experienced failure move toward recovery and do so more quickly and easily than those who do not engage in these activities (Boss & Sims, 2008). Thought self-leadership involves employee self-influence through cognitive strategies that focus on individual self-dialogue, mental imagery, beliefs and assumptions, and thought patterns (Neck & Manz, 1996). Individuals manage their own behaviors by setting personal standards, evaluating their performance in terms of these standards, and by self-administering consequences based on their self-evaluations (Manz & Sims, 1980). Specific techniques such as self-observation, goal specification, cueing strategies, incentive modification, and rehearsal can be used to exercise self-management behavior (Manz & Sims, 1980). Autonomy is an essential element of innovation. Empowering leadership had a stronger positive effect on followers who were high on the need for autonomy, and directive leadership had a stronger negative effect on followers who were high on the need for autonomy (Yun, Cox & Sims, 2006). Using existing theories and empirical evidences, DiLiello & Houghton (2006) developed and presented a conceptual model of the relationships between self-leadership, innovation, creativity, and organizational support. The model suggests that individuals with strong self-leadership will consider themselves to have more innovation and creativity potential than individuals who have weak self-leadership, and that individuals who have innovation and creativity potential will be more likely to practice innovation and creativity when they perceive strong support from the workplace than individuals who perceive weak support from the workplace (DiLiello & Houghton, 2006). Houghton and Yoho (2005) have suggested a relationship between individual self-leadership and subsequent levels of individual independence and creativity (DiLiello & Houghton, 2006).

Creation of valuable, rare, inimitable and non-substitutable resources is strategically important for firms to achieve competitive advantage and superior performance (Barney, 1991). In the knowledge economy, innovation capability plays the central role to create the resources

required for the competitive advantage so, self-leadership of strategic leaders is positively related to innovation performance of the firm. Based on the above reasoning, the following proposition can be proposed.

*Proposition 1: Self leadership has a positive influence on innovation performance.*

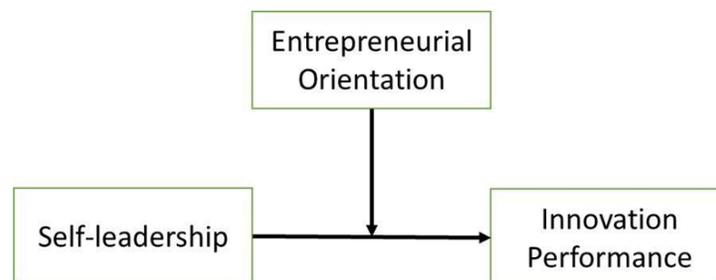
## ROLE OF ENTREPRENEURIAL ORIENTATION OF FIRMS

Entrepreneurial orientation of firm consists of innovativeness, risk-taking, and proactiveness (Miller, 1983). As a strategic posture (Covin & Lumpkin, 2011), entrepreneurial orientation influences firm growth and financial performance (Boling et al., 2015). Entrepreneurial orientation helps to pursue new ideas (Boling et al., 2015). In the presence of high entrepreneurial orientation, the leaders will be motivated to confidently take decisions themselves. Hence, the positive effects of self-leadership on innovation performance will be strengthened under the presence of high entrepreneurial orientation.

*Proposition 2: The positive relationship between self-leadership and innovation performance is strengthened in the presence of entrepreneurial orientation of firms.*

## CONCLUSION

The study is an attempt to explain the combined effects of self-leadership and entrepreneurial orientation on innovation performance of firms. Self-leadership helps in the generation of new idea and innovation performance of firms. Entrepreneurial orientation strengthens the main effects of self-leadership on innovation performance (Figure 1).



**Figure 1**  
**THE MODEL**

The study has several limitations, and future research can extend the research in this field. Firstly, the paper has suggested propositions based on theoretical discussions. Future research can collect data, and test the hypotheses. Secondly, in this paper self-leadership of only strategic leaders is considered. Future research can examine the combined effects of self-leadership of top managers, middle managers, and other employees on innovation performance. Finally, the paper has examined the moderation effects of entrepreneurial orientation of firms on the self-leadership–innovation performance relationship. Future research can study other moderation and mediation effects. Overall, the paper provides a theoretical framework to understand the phenomena.

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