

Mapping the Influence of Organizational Culture on Entrepreneurial Orientation

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ARTICLE INFO

A B S T R A C T

Article history:

Received
November
Accepted
December

Keywords

*Organizational
Culture,
Entrepreneurial
Orientation,
Literature
Review,
Organizational
Performance*

This study explores the impact of organizational culture on entrepreneurial orientation (EO) through a comprehensive literature review. EO is a critical dimension of organizational strategy, encompassing innovation, risk-taking, and proactiveness, which are essential for maintaining competitiveness and driving business success. The findings indicate that organizational cultures fostering innovation, calculated risk-taking, and entrepreneurial values significantly enhance EO development. These cultural attributes provide an environment that encourages creativity, supports experimentation, and promotes proactive strategies for identifying and capitalizing on new opportunities. The study identifies recurring themes in the literature, such as the positive correlation between supportive cultural values and improved organizational performance. Companies that cultivate an entrepreneurial culture are better positioned to respond to market changes, innovate, and sustain long-term growth. Moreover, the research points to gaps in existing studies, including the need for deeper exploration of how different cultural dimensions interact with EO across various industries and organizational sizes. Practical implications for managers include the importance of embedding entrepreneurial values into organizational culture through leadership practices, employee training, and resource allocation. By doing so, managers can create an environment conducive to innovation and adaptability. Future research should further investigate cross-cultural variations and longitudinal effects of entrepreneurial culture on organizational success.

1. Introduction

Today's competitive business environment places pressure on companies to innovate and differentiate themselves to stay ahead. Innovation, risk-taking, and proactivity are key elements of entrepreneurial orientation (EO), which impacts organizational performance. However, the relationship between entrepreneurial orientation (EO) and organizational success is complex and contextual. Organizations seeking long-term benefits must understand these dynamics. Organizational effectiveness depends on entrepreneurial orientation (EO). Another important factor in organizational effectiveness is culture. Research shows that corporate cultural views influence work performance (Gencer et al., 2023). The combined impact of entrepreneurship and dynamic skills on firm performance emphasizes the need to evaluate how these characteristics interact within an organization. Innovation performance mediates the relationship between EO, social capital, and firm performance, highlighting its importance in organizational success (Ince et al., 2021). Organizational culture is the values, norms, and habits that develop within an organization and influence how individuals within it interact and

act. This culture is an important foundation in shaping behavior, including entrepreneurial orientation (EO) which refers to attitudes and behaviors that support innovation, risk taking, and proactivity in facing opportunities and challenges. In a business world full of uncertainty, EO serves as a primary indicator of a company's tendency to grow and innovate.

Research indicates that organizational culture significantly impacts entrepreneurial orientation (EO), which refers to the strategic posture of an organization towards innovation, risk-taking, and proactivity. Hidayati's study highlights a significant positive direct effect of organizational culture on entrepreneurship, suggesting that cultural attributes such as innovation, risk-taking, and team orientation are crucial for fostering an entrepreneurial mindset among employees (Saleh et al., 2023). Similarly, Naldi et al. assert that corporate culture, alongside organizational structure and external environmental factors, can affect the relationship between EO and company outcomes, indicating that a supportive culture enhances entrepreneurial efforts (Naldi et al., 2020). This is further supported by Khakbaz and Zarei, who emphasize the meaningful relationship between organizational culture and corporate entrepreneurship, reinforcing the notion that a strong culture can drive entrepreneurial initiatives (Khakbaz & Zarei, 2011).

However, although much research has been conducted on the relationship between organizational culture and EO, most of these studies are still limited to examining the relationship between organizational culture in general and entrepreneurial orientation. Research indicates that organizational culture serves as a critical determinant of entrepreneurial orientation. For instance, Brettel et al. found that specific cultural attributes, such as a supportive and innovative culture, directly foster EO by encouraging risk-taking and proactivity among employees (Brettel et al., 2014). This aligns with the findings of Shehu, who reported a positive relationship between organizational culture and firm performance, emphasizing that an innovative culture significantly enhances EO and, consequently, organizational outcomes (Shehu, 2014). The interplay between organizational culture and leadership is critical in shaping EO. Engelen et al. found that leadership styles and the degree of cross-functional integration within an organization can significantly influence EO, indicating that a culture that promotes collaboration and innovation is vital for fostering entrepreneurial behaviors (Engelen et al., 2013).

Through a literature review approach, this study aims to map previous research findings related to the relationship between organizational culture and EO. This literature review will identify variables that have been widely discussed in previous studies, such as types of organizational culture, characteristics of EO measured, and the relationship between the two in different contexts. In addition, by analyzing existing studies, this study will reveal research gaps that need to be filled, as well as areas that are still underexplored, such as the influence of organizational culture on EO in the context of a crisis or organizational transition. This study is expected to provide a deeper understanding of how organizational culture influences EO and, in turn, how these two factors affect organizational performance and competitiveness. With the mapping carried out, this study also aims to provide recommendations for organizations in creating a culture that is more supportive of entrepreneurial orientation. For example, companies can strengthen a culture that supports creativity and innovation to encourage proactivity and risk-taking, which are key characteristics of EO. In addition, these findings can provide a basis for researchers to further explore this relationship in various industrial, cultural, and regional contexts, thereby enriching entrepreneurial management theory and practice.

2. Methodology

A literature review is defined as a qualitative synthesis of existing research that aims to summarize and categorize findings based on significant themes or topics. It provides an overview of what is known, what is not known, and what needs further investigation (Rahman et al., 2022; Seuring & Gold, 2012). The primary purpose of a literature review is to establish a context for the research question, allowing researchers to build upon existing knowledge and identify areas for future exploration (Klein & Müller, 2020). Systematic reviews are characterized by a structured approach to identifying, evaluating, and synthesizing research evidence related to a specific question (Kennedy, 2007). Narrative reviews provide a more general overview of a topic without the rigorous methodology of systematic reviews, often summarizing findings in a descriptive manner (Hajjami & Park, 2023). Integrative reviews combine perspectives from different studies to create new theoretical models or frameworks (Hassan et al., 2022). In summary, a literature review is a vital component of academic research that synthesizes existing knowledge, identifies gaps, and lays the groundwork for future studies. By employing systematic methodologies and maintaining rigor, literature reviews can significantly contribute to the advancement of knowledge within a specific field.

3. Results and Discussion

Based on various existing studies, the influence of organizational culture on entrepreneurial orientation (EO) has been proven to be very significant in improving company performance, especially in small and medium enterprises (SMEs). (Shehu, 2014) highlighted how organizational culture can mediate the relationship between EO and company performance, showing that a supportive cultural orientation plays a significant role in improving performance in Nigerian SMEs. This supportive organizational culture has been shown to create an environment that allows entrepreneurial behavior to thrive, which in turn results in better business outcomes. Similar findings were also found by Engelen et al. (2013), who identified that an adhocracy culture, which emphasizes innovation and entrepreneurship, enhances EO, especially in contexts with high individualism and low power distance, while a hierarchical culture actually inhibits it. Furthermore, (Arabeche et al., 2022) suggested that entrepreneurial orientation influences organizational culture, which then affects company performance. A strong organizational culture acts as an important mediator in the relationship between EO and company performance, showing that a supportive culture plays a significant role in achieving better results. Dimensions of organizational culture, such as individualism and collectivism, that influence EO. A culture that supports proactive and innovative attitudes in an organization has been shown to be more effective in encouraging positive entrepreneurial behavior. Lee et al.'s research. (2019) also explored the

Furthermore, research Fis & Cetindamar (2021) shows how organizational culture influences EO and managerial support, which in turn impacts corporate entrepreneurship and firm performance. This underlines the very important role of culture in shaping entrepreneurial behavior and the results achieved by an organization. Likewise, (Pratikto, 2023) who revealed that organizational culture influences EO and knowledge management, and plays an important role in improving innovation capabilities and performance in MSMEs. Research by

(Mahrous & Genedy, 2019) also shows that intra-organizational environmental factors,

including organizational culture, influence EO, and emphasizes the mediating role of market orientation (MO) in improving organizational performance. These findings emphasize the importance of a supportive organizational culture in facilitating EO and improving overall business outcomes. On the other hand, Anggadwita et al., (2023) suggested that organizational culture fully mediates the relationship between international entrepreneurial orientation and SMEs' international performance, indicating that a supportive culture is essential to improving international business outcomes.

Another study by Suleiman Awwad & Kada Ali, (2012) found that a positive organizational climate can enhance employee creativity, which then becomes an important antecedent factor in shaping EO. This highlights the importance of a supportive organizational culture in creating an entrepreneurial environment that can enhance the overall success of the organization. Khedhaouria et al., (2020) revealed that dimensions of organizational culture such as adhocracy and market culture have a significant impact on EO in small firms, and EO acts as a mediator that enhances firm performance. Findings from Kantur & Işeri-Say, (2013) reinforce this view by stating that a supportive organizational culture enhances entrepreneurial activity, while a non-supportive culture inhibits it. In this context, a supportive culture plays a major role in shaping entrepreneurial orientation within a firm. Hamdan & Alheet, (2020) research also emphasized that an organizational culture that supports proactivity, innovation, and risk-taking is very important in encouraging entrepreneurial dynamics in SMEs. Moustaghfir et al., (2020) research highlights how human resource management (HRM) practices influence organizational culture, which then impacts EO and firm performance. The emphasis on the importance of an innovation-focused culture to enhance entrepreneurial attitudes further strengthens the direct relationship between organizational culture and EO outcomes. In addition, Mali et al., (2020) revealed how dimensions of organizational culture influence individual entrepreneurial orientation among employees, highlighting the role of cultural factors in shaping entrepreneurial intentions. Finally, Okręglicka, (2022) stated that organizational culture influences how knowledge is applied in a company, where EO is influenced by cultural factors. A culture that supports entrepreneurship is very important in shaping entrepreneurial traits such as autonomy, proactivity, competitive aggressiveness, innovation, and risk-taking. This study underlines the impact of organizational culture in shaping entrepreneurial traits within a company. In addition, Brettel et

4. Discussion

From the various studies that have been discussed, it can be concluded that organizational culture has a very significant influence on entrepreneurial orientation (EO) and company performance, especially in small and medium enterprises (SMEs). A supportive organizational culture such as one that focuses on innovation, proactivity, and employee support has been shown to strengthen EO, which in turn improves company performance. As found by Shehu (2014), a supportive organizational culture in the context of Nigerian SMEs contributes greatly to business performance, by encouraging positive entrepreneurial behavior. Furthermore, the research findings of Engelen et al. (2013) and Arabeche et al. (2022) also emphasize that organizational culture, especially an adhocracy culture that emphasizes innovation and freedom in decision-making, is very effective in

improving EO. On the other hand, a hierarchical organizational culture can hinder the development of EO. This suggests that companies need to choose and manage an appropriate culture to facilitate and support proactive and innovative entrepreneurial behavior.

Other studies, such as those by Mahrous & Genedy (2019) and Anggadwita et al. (2023), showed that a supportive internal environment—including a culture that facilitates EO acts as an important mediator in improving organizational performance. This highlights the importance of creating an organizational culture that encourages risk-taking, innovation, and exploration of new opportunities. In addition, dimensions of organizational culture such as individualism and collectivism, as described by Lee et al. (2019), also showed a significant influence on entrepreneurial attitudes in organizations. However, there is also evidence that not all organizational cultures directly support the development of EO. For example, cultures that are too structured and hierarchical often limit the freedom to innovate and make decisions, which can hinder the development of entrepreneurship in organizations. This is also reflected in the study by Fiş & Çetindamar (2019) which showed that organizational cultures that support fast and managerial-based decision-making can strengthen entrepreneurship in organizations.

5. Conclusion

Overall, the research results show that organizational culture plays a very important role in shaping entrepreneurial orientation and firm performance. A culture that supports innovation, collaboration, and risk-taking tends to enhance EO and result in better firm performance. Conversely, a culture that is too hierarchical and rigid can inhibit proactive and innovative entrepreneurial behavior. Therefore, companies need to actively develop and manage an organizational culture that supports the development of EO, which can encourage employees to behave more entrepreneurially and innovatively. By understanding the influence of organizational culture on EO, companies can create an environment that is more conducive to long-term growth and success.

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