

Culture on Entrepreneurial Attitude and Organizational Survival

Edwinah Amah

Department of Management, Faculty of Management Sciences, University of Port Harcourt, Nigeria

Abstract

The study investigated the influence of culture on entrepreneurial attitudes and the survival of small and medium scale enterprises in Port Harcourt. The cross sectional survey method was adopted. A sample size of eighty was drawn from a population of one hundred employees using the Taro Yamane formula. The questionnaire was the main instrument for data collection and data obtained was analysed using the SPSS. Spearman's rank correlation coefficient was used to test the hypothesis. Our finding revealed that culture significantly related to entrepreneurial attitudes and the survival of small and medium scale enterprises. We concluded that culture has significant effect on entrepreneurial attitude and survival of small and medium scale enterprises. We recommended that Managers should cultivate adaptive culture that enables organization members to have and maintain entrepreneurial attitude that can help the organizations to survive and achieve their goals.

Keywords: culture, entrepreneurial attitude, survival, small/medium scale enterprises

Introduction

Small and Medium Enterprise (SMEs) have continued to be recognized as the bedrock and powerful engines room for any nation's growth and development of most economies of the world (Ariyo, 2008). The survival of such organizations means so much to governments as they not only provide goods and services but help in reducing unemployment rates. However, the SMEs sub-sector has continued to face various challenges that have militated against their success. The dynamic nature of the SMEs sub-sector makes it vulnerable to high mortality rate caused by high uncertainty and competitiveness in the environment. The Government of Nigeria has made many efforts in boosting this sector. It has established an institutional framework consisting of industry support agencies, formulations of supporting policies and assistance from financial institutions. These had led to the creation of Small and Medium Enterprises Development Agency (SMEDAN), National Enterprises Development Programme (NEDEP), Micro, Small and Medium Enterprises (MSMEs) national and state council, funding access from the central bank and development banks: such as (Commercial Banks, Micro-Finance Bank and Industrial Bank). Despite these interventions Small and Medium Enterprises still have a high mortality rate which is causing a great concern to both government and citizens. Several researches on organizational survival have taken place in the recent past (McGrath and McMillian 2000; Damanpour, 1991; Zahra and Covin, 1995; Man, Lau & Chan, 2002). Many of these studies revealed that entrepreneurial attitude have positive and significant impact on organizational survival.

Entrepreneurial Attitude gives an organization competitive advantage in an existing or new market because it enable them to always discover, create, and exploit opportunities regularly, well ahead of their competitors (McGrath and McMillian, 2000 and Keh, Nguyen, and Ng 2007). Many of these studies revealed that entrepreneurial attitude have positive and significant impact on organizational survival. Similarly, Taylor (2013) found that SMEs managers with high entrepreneurial behavior are more likely to achieve higher performance and growth irrespective of the business environment in which they operate

Over the past decade, much has been written about entrepreneurial attitude and organizational survival. Despite the increase in prior publications and studies, the influence of organizational culture on the relationship between entrepreneurial attitude and organizational survival has not been sufficiently clarified, especially in developing economies like Nigeria. Therefore this study examines the influence of organizational culture on the relationship between Entrepreneurial Attitude and organizational survival.

LITERATURE REVIEW

Organizational Culture

Culture refers to the way people do things. Culture is seen as an essential quality of excellent organizations. Culture is real, though intangible and is important in determining organization climate. Kilman et al; (1985) described culture as the glue that holds organizations and our theories about them together. Organization culture refers to the predominant system of beliefs, values and norms held in an organization are by its members. According to organizational behaviourist Schein (1985) culture is a pattern of basic assumptions that have been invented or discovered by an organization to cope with its problems over the years that has worked well enough to be considered valid and should therefore be taught to new members as the correct way to perceive, think, and feel in relation to such problems. Sherman et al (1988) define culture as the "shared philosophies, values, assumptions, beliefs, expectations, attitudes and norms that knit an organization together". Every organization has a culture that affects how things are done in such organization. Managers are therefore expected to develop the

right culture for an organization as it has a way of influencing the people and their output (Amah, 2012). Organizational culture has been identified as an important source of sustained competitive advantage because it possesses the characteristics of a strategic asset which includes scarcity, inimitability, and value creating and non-trade ability (Barney, 1986; Hayton, 2005).

Concept of Entrepreneurial attitude

Entrepreneurial attitude refers to the set of personal psychological traits, values, attributes, attitudes and behaviors that determine how an individual or organization interprets and reacts to an entrepreneurial circumstances or situations (Covin and Slevin, 1986). In other words, it is a state of mind that predicts the response of an individual or organization in a consistently favorable or unfavorable manner in respect of an entrepreneurial circumstances, change or uncertainty (Schwarz et al, 2009). Also in the view of Antonic and Hisrich (2003), they defined entrepreneurial attitude as the ability and willingness of individual or organization to quickly discover, made preparations in response to a judgmental decision under uncertainty about a possible exploitation of business opportunities. According to Dyhiwoyo and Vuuren, (2007) that entrepreneurial attitude is about the ability to search and capture business opportunities by being creative, innovative, and proactive and risk-taking which results to wealth generation and organizational survival. In other words, it is a way of thinking and an approach to business opportunities and the willingness to capture the benefits of uncertainty. However, some individual and organizations are more entrepreneurially than others (McGrath and McMillian; Damanpour, 1991). They all agreed that those individual who exhibited entrepreneurial behaviors from the individual level of analysis suggested that those individual have more entrepreneurial mind-set than conservative business owners; while investigations also proofed that those organizations that act more entrepreneurially have entrepreneurial culture (Covin and Slevin, 1991).

The Concept of Organizational Survival

Maheshwari (1980) argued that the concept of Organizational survival is a multiple dimensional concept with no common definition, making it elusive that there is no one single way of defining organizational survival. This fact may be due to the many criteria used to measure organizational survival and the many definitions available for the concept. He further defined success as the ability of an organization to achieve an acceptable outputs and expectations which are in line with the organizational goals and objectives. Evidence found in the entrepreneurial, management and business literatures confirmed that organizational survival and organizational performance are very narrowly connected (Perren, 2000; Jennings and Beaver, 1993). Also, according to De-Smet and Schanninger, (2006) success can be defined as an organizational ability to operate effectively and efficiently, coping adequately and being able to withstand the environmental turbulences by being flexible and adapting to change which may result to growth. Imoisili (1978) defined Organizational survival as organization's ability to achieve sustainable growth and realization of its goals which leads to eventual superior performance. Similarly, Jenning and Beaver (1995) are of the view that the most commonly adopted description of organizational survival has much to do with financial viability and growth with sufficient profits than other factors such as owner's satisfaction, employee satisfaction etc. Simpson et al., (2007) maintained that organizational survival is a multi-dimensional concept which has no single significant element as its measures of analysis. Simpson et al., (2004) noted that there are two major indicators of success: the financial and non-financial measures. The financial performance measures of organizational survival includes: profitability, returns on capital, productivity of assets, sales margins, net operating margin etc. while the non-financial indicators are the degree of employee satisfaction, ability to retain management talent, the degree of customer satisfaction, owners' satisfaction, superior products and services etc. On the other hand, determination of the right criteria is paramount in getting the accurate result. According to Masuo (2001) to avoid errors in determining the measures, the selections of appropriate measure should depend on the type or nature of the organization under review, the various environmental factors, cultures, management styles, capital availability, technology and goal of the organization should be considered. This argument is based on the fact that every organization has its different characteristics, goals and constituencies. Paige and Littrell (2002) assert that some scholars includes subjective (intrinsic) criteria such as freedom and independence, being one's own boss, controlling one's own future; while the objective (extrinsic) factors such as increase profitability and wealth as the criteria for organizational survival. Cameron (1978) suggested that there are other criteria that could be used in the measurement of organizational survival such as effectiveness and efficiency. Organizational survival will be defined as the ability of a firm to realizes and actualizes its outcome and expectations in line with its mission, goals and objectives

Relationship between Culture, Entrepreneurial Attitude and Organizational Survival

Recent studies showed that organizational culture is one of the important explanatory variables of corporate entrepreneurship (Yildiz, 2014). Analyses results showed that organizational culture factors, has positive effects on corporate entrepreneurship innovativeness dimension. Culture can influence employees' attitudes and

behaviour at work (Svetislav & Ioan, 2014). A strong culture is a good motivator. It serves as a form of social control that influences employee decision and behaviour (O'Reilly and Chatman, 1996). It acts as social glue in bonding together the members of an organization. A strong adaptive culture can make organization members work together towards the achievement of organizational goals, which includes success and survival (Amah, 2014).

Previous researchers assert that entrepreneurial actions are considered strategic factor to competitive advantage and improved performance in an organization, irrespective of the type, size, age and location of the organization (Zahra and Covin, 1995; Lumpkin and Dess, 1996; Zahra, 1991; Wiklund and Sheperd, 2005). According to Dhliwayo and Vuuren (2007), entrepreneurial orientation tends to generate innovativeness by creating new resources or carrying out new combination which leads to new products and new markets that can improve organizational profitability and success. Also, Zahra and Covin, (1995) assert that entrepreneurial mind-set enable organization to champion new initiative in an established organization which is made possible by creating an innovative culture that carrying out research and development which is focused on idea development. This can enable the organization to have the first mover advantage which result to positive competitive advantage in the organization.

Entrepreneurial oriented organization and members are constantly alert to opportunity in the ever rapid changing business environment by scanning and searching for information that help managers to make informed decision about new products ideas, new market and new method of production which leads to greater profitability and organizational survival. According to Lumpkin and Dess (1996) they assert that entrepreneurial mind-set enables organization to exhibit entrepreneurial characteristic such as innovativeness, risk taking, autonomy, proactive-ness, and tolerance for failure. These measures are the key feature of successful organizations.

The Objective of the Study is to determine if organizational culture moderate the relationship between entrepreneurial attitude and organizational survival.

Research Hypotheses

Ho₁: The culture of an organization does not significantly moderate the relationship between entrepreneurial attitude and organizational survival.

RESEARCH METHODOLOGY

The study adopted a cross-sectional survey of the quasi-experimental design. This method is adopted because the respondents who are in their private business are exposed to complex relationships which are not subject to manipulation (Baridam, 2008). This study aimed at examining the **influence of organizational culture on the relationship between of entrepreneurial attitudes and** organizational survival in SMEs in Rivers State. The population for this study comprises of all the Small and Medium Scale Enterprises in Rivers State, registered with the Rivers State Ministry of Trade and Commerce. However, for easy accessibility, the **accessible population consists of 100** respondents, (owners-partners, managers and key officers) from the 20 selected SMEs within Rivers State, using purposive sampling technique. It is assumed that responses obtained from the sample respondent would be representative of the opinions of all SMEs operating in Rivers State. The respondents are in position to express their opinion about the questions relating to the research instrument. The sampling procedure adopted in this study is the Simple random sampling techniques. This approach is to enable each member of the population to have an equal chance of being selected. A sample size of eighty (80) owners-partners, managers and key officers was drawn from the twenty (20) selected SMEs under review. The sample size was determined using Taro Yamene formula (Baridam, 2008). Data was collected through questionnaire. It is assumed that responses obtained from the sample respondents would be representative of the opinions of all SMEs operating in Rivers State. The respondents are in position to express their opinion about the questions relating to the research instrument. The independent variable corporate culture was measured by adaptability, involvement, mission and consistency based on the earlier work by Denison (1990). The dependent variables Entrepreneurial attitude and Organization survival were measured in terms of innovativeness, proactive-ness and risk-taking and Adaptability and customer satisfaction respectively. Five items each were used in measuring the variables on the 5 point Likert scale of measurement: where 5 = Strongly Agree, 4 = Agree, 3 = Neutral, 2 = Disagree and 1 = Strongly Disagree. The questionnaire was adapted from the various 22 items of entrepreneurial orientation scale of Covin and Slevin (1989) and the various items of Organization Success Scale (OSS) developed by (Simon et al., 2011)

The measurement instrument was subjected to Cronbach Alpha test of reliability which gave a high reliability alpha of above 0.7. According to Nunnally, (1978) an alpha output of 0.7 and above ensure internal consistency and reliability. The following Cronbach Alpha were obtained: Innovativeness (93) Pro-activeness (93) Risk-taking (94) Customer Satisfaction (92) Adaptability (95). The partial correlation analysis using Spearman's rank order correlation coefficient (Rho) was employed using the statistical package for social sciences (SPSS) version 21 to test the moderating role of organizational culture on the variables.

RESULTS AND DISCUSSION

4.1 Respondent Demography

The population for the study targeted all 100 managers and employees of the sample institutions in Rivers state. After the cleaning process, only 80 copies of questionnaire were considered useful and valid for inclusion in the study. There were 66 males and 14 females. 51 Respondents constituting 65.9% of total respondents were actively Married, while 21 (34.1 %) respondents were single.

Test of Hypothesis

Hypothesis One

H₀₁: The culture of an organization does not significantly moderate the relationship between entrepreneurial mind-set and organizational survival.

Table 1. Partial Correlation Output of Moderation of Organizational Culture on Entrepreneurial Mind-set and Organizational survival of SMEs in Rivers State.

Correlations			Enterpeneurial Mind-set	Organizational survival
Control Variables	Correlation		1.000	.249
	Enterpeneurial Mind-set	Significance (2-tailed)	.	.005
		df	0	123
ORGANIZATIONAL CULTURE	Correlation		.249	1.000
	Organizational survival	Significance (2-tailed)	.005	.
		df	123	0

Source: Statistical Package for Social Sciences (version 22) Extract.

Judging by the output in table 4.22 above, it could be derived that Organizational Culture exhibits a significant moderating influence on the relationship between Entrepreneurial Mind-set and Organizational survival in the employed institution based on the correlation coefficient of .249 at a probability level of 0.005 which is greater than the significance level of 0.05(5%), therefore reject the null hypothesis and conclude that the culture of an organization significantly moderates the relationship between entrepreneurial mind-set and organizational survival.

DISCUSSION OF FINDINGS

Our findings here show that the culture of an organization significantly moderates the relationship between entrepreneurial attitude and organizational survival. Our finding is in line with earlier reports of Yildiz, (2014) that organizational culture is one of the important explanatory variables of corporate entrepreneurship. Also that culture influences the survival and success of organizations. A strong culture is a good motivator. It serves as a form of social control that influences employee decision and behaviour (O'Reilly and Chatman, 1996). A strong culture has also been identified as a major feature of successful organizations. It is reported to enhance entrepreneurial attitude among employees. O'Reilly (1989) believe that organizational culture is vital in developing and sustaining employee commitment and intensity levels that often characterize successful Organizations. In support of this argument, quantitative analysis has shown that firms with strong culture outperform firms with weak culture (Gordon and DiTomaso, 1992, Denison, 2007). Culture helps guide daily activities of workers to meet certain goals. It enables organizations respond rapidly to customers' need or the moves of a competitor. Nickels *et al* (2011) further argued that corporate culture is widely shared values within an organization that provide coherence and cooperation to achieve goals.

SUMMARY, CONCLUSION AND RECOMMENDATIONS

Our finding revealed that culture significantly related to entrepreneurial attitudes and the survival of small and medium scale enterprises. We therefore conclude that the culture of an organization significantly moderates the relationship between entrepreneurial mind-set and organizational survival. We recommend that Managers should cultivate adaptive culture that enables organization members to have and maintain entrepreneurial attitude that can help the organizations to survive and achieve their goals. Employees should be encouraged to have an entrepreneurial mind set as it will help all organizational members to identify and strive to utilize opportunities in the interest of the organization. The government should increase their assistance or support for the small and medium scale enterprises as they are yet to be where they ought to be. The government should encourage the banks to increase the loan made available to these enterprises to enable them expand.

REFERENCES

- Amah, E (2012) Corporate Culture and Organizational Effectiveness. A Study of the Nigerian Banking Industry. *European Journal of Business and Management*, 4(8) 212-229
- Antoncic, B., &Hisrich, R.D. (2001).“Clarifying the Entrepreneurship Concept”. *Journal of Small*

- Business Entrepreneurship and Development*, 10(1), 7-24.
- Ariyo, D. (2008) Small firms are the Backbone of the Nigerian Economy. Retrieved on August 24, 2012 from <http://www.africaeconomyanalysis.org>.
- Baridam, D.M. (2008). "Research Methods in Administrative Sciences, 3rd edition, Port Harcourt." Sherbrook Associates, Port Harcourt.
- Barney, J.B. (1986). Organizational culture: Can it be a source of sustained competitive advantage? *Academy of Management Review*, 11(3): 656–665
- Cameron, K. S. (1978) Measuring Organizational Effectiveness in Institutions of Higher Education. *Admin. Sci. Quarterly* 23; 604-632.
- Covin JG, Slevin DP (1986). The development and testing of an organizational-level entrepreneurship scale. In *Frontiers of entrepreneurship research*, edited by Ronstadt R, Hornaday JA, Peterson R, and Vesper KH. Babson College: Wellesley, MA: pp.628- 639.
- Covin JG, Slevin DP (1989). Strategic management of small firms in hostile and benign environments. *Strat. Manage. J.* 10:75-87.
- Covin JG, Slevin DP (1991). A conceptual model of entrepreneurship as firm behavior. *Entrep. Theory Pract.* 16(1):7-25.
- Damanpour, F. (1991). Organizational Innovation: A meta-analysis of effects of determinant and moderator: *Academy of Management Journal*. 34(3): 555-590.
- Denison, D.R. (1990) *Corporate Culture and Organizational Effectiveness*: NY: Wiley
- Denison, D. R (2007) Denison Consulting An Arbor Zurich Shanghai
- De-Smet & Schaninger, W. (2006). *Performance and Health: in search of sustainable excellence*. New York, Mckensey and company
- Dhliwayo, & Vuunen (2007). The strategic entrepreneurial thing imperative. *Actacom* (7), 123-134.
- Gordon, G. & DiTomaso, N. (1992). Predicting Corporate Performance from Organizational Culture. *Journal of Management Studies*, 29(6): 783-798.
- Hayton, J.C. (2005). Promoting corporate entrepreneurship through human resource management practices: A review of empirical research, *Human Resource Management Review*, 15: 21-41.
- Imoisili, I.C., (1978); "Key success factors in Multinational and indigenous companies in Nigeria: A comparative Analysis". *Columbia Journal of world Business*
- Jennings, P. L., and Beaver, G. (1993) *The Abuse of Entrepreneurial Power*, Small Business and Small Business Development Conference, European Research Press, Leicester, April,
- Jennings, P. L. and Beaver, G. (1995) *The Managerial Dimension of Small Business Failure*; *Journal of Strategic Change*, 4. (4). 185-200.
- Keh HT, Nguyen TTM, Ng HP (2007). The effects of entrepreneurial orientation and marketing information on the performance of SMEs. *J. Bus. Vent.* 22(4):592-611.
- Kilman, R.H; Saxton, M.J, Roy Serpa and Associates (1985) *Gaining Control of the corporate of the corporate culture*. San Francisco: Jossey-Bass Inc. Publishers.
- Lumpkin, T. & Dess, G.G (1996). "Clarifying the Orientation Construct and linking with it to performance." *Academy of Management Review*, 21(1) 135-171
- Maheshwari, B.I. (1980). *Decision Styles and organizational Effectiveness*. New Vickas Publishing House. PVT LTD.
- Man, T.W.Y., Lau, T., and Chan, K.F. (2002). The competitiveness of small and medium enterprises: A conceptualization with focus on entrepreneurial competencies. *Journal of Business Venturing*, 17(2)123-142.
- Masuo, D., Fong G, Yanagida J, Cabal C (2001). Factors Associated with Business Success: A Comparison of Single Manager and Dual Manager Family Business. *Journal of family economic*, 22(1)55-73
- Mcgrath, G. & Macmillan (2000). "The Entrepreneurial attitude: Strategies for Continuously Creating Opportunity in Age of Uncertainty," Harvard Business School Press, Boston.
- Nickels, G; McHugh, J..M and McHugh, S..M. (2011) *Understanding Business*. 9th Ed Irwin McGraw- Hill New York.
- O'Reilley, C.A and Chatman, J.A (1996) "Cultures as Social Control" Corporations, Cults and Commitment. *Research in Organizational Behaviour* 18 157 – 200
- Paige RC, Littrell MA (2002) Craft retailers' criteria for performance and associated business strategies. *Journal of Small Business Management* 40 (4), 314- 331..
- Perren, L (2000) Factors in the Growth of Micro Enterprise. *Development* 7 (1) 58-68
- Schein, E. H (1985) *Organizational Culture and Leadership: A Dynamic View* San Francisco: Jossey-Bass
- Sherman, A.W; Bohlaner, G.W and Chruden, H.J (1988) *Managing Human Resource* South- Western Publishing Co. Cincinnati, Ohio.
- Simon, A., Kumar, K., Sheeman, M., and Offat. P.P. (2011). Strategic capabilities and other relationship to organizational survival and its measures: Some pointer from Australian studies, *Management decision*, 49 (8)

305-1320.

- Simpson M, Taylor N, Barker K. (2004). Environmental responsibility in SMEs: does it deliver competitive advantage? *Business Strategy and the Environment* 13: 156-171
- Simpson, D., Power, D., Samson, D. (2007) Greening the automotive supply chain: a relationship perspective. *International Journal of Operations & Production Management* 27 (1), 28-48
- Schwarz, N., D. Kahneman, and J. Xu. 2009. Global and episodic reports of hedonic experience. In Using calendar and diary methods in life events research, ed. R. Belli, D. Alwin, and Stafford, 57– 74. Newbury Park, CA: SAG
- Svetislav P., & Ioan C. D (2014) Organizational culture and corporate entrepreneurship *Annals of the University of Petroșani, Economics*, 14(1) 269-276 269
- Taylor, P. (2013). The effects of entrepreneurship orientation on the internalization of SMEs in developing countries. *African Journal of Business Management*, 7 (19) 1927-1937
- Venkataraman, S. (1989). “The Distinctive Domain of Entrepreneurship research. Advance in entrepreneurship firm emergence and growth”. JAI Press: Greenwich, CT.
- Wiklund J, Shepherd D (2005) Entrepreneurial orientation and small business performance: A configurational approach. *Journal of Business Venturing* 20: 71–91.
- Yildiz, M. L.(2014) The Effects of Organizational Culture on Corporate Entrepreneurship . *International Journal of Business and Social Science*. 5.5(1) 35-45
- Zahra, S.A. (1991). “Predictor and Financial Outcomes of Corporate Entrepreneurship”. *Exploratory Study Journal of Business Venturing*.(6), 259-285.
- Zahra, S.A. & Covin (1995). “Contextual influences on the corporate entrepreneurship – performance relationship”. *A Longitudinal Analysis, Journal of Business Ventures*, 10(1), 43-59.