

EFFECT OF ENTREPRENEURIAL CULTURE ON EMPLOYEE PERFORMANCE IN WORLD VISION

WANJIKU NJUGI- WYNNE

1. Scholar, School of Business and Economics, Mount Kenya University.
Contact: email: annenjugi@gmail.com, Mobile Phone: +254 704 382 089

NICKSON LUMWAGI AGUSIOMA

2. Scholar, School of Business and Economics, Multimedia University of Kenya.
Contact: email: nickagush@hotmail.com, Mobile Phone: +254 724 874 066

Abstract

The concept of “entrepreneurial culture” has existed for decades, described as an organizational culture embodying and championing entrepreneurial characteristics and attributes. These characteristics have included risk taking, innovation and creativity, the elements one would expect to see among entrepreneurs as individuals. (Wong, 2014). This study examined the characteristics of entrepreneurial culture and their effect on employee performance in World Vision Kenya (WVK). The study sought to test the null hypothesis: Entrepreneurial culture has no significant effect on employee performance in the world vision and adopted a descriptive research design using questionnaires administered to the employees of WVK to collect data. A total of 484 employees were sampled from a target population of 960. The data was subjected to descriptive and inferential analysis using SPSS (ver.20). The Analysis of variance (ANOVA) was used to calculate the regression model significance which indicated there was a significant relationship between entrepreneurial culture and employee performance. Findings revealed that entrepreneurial culture within the organization impacts positively on employee performance and therefore, the study recommends that Management at WVK continue to encourage and improve on their entrepreneurial culture because it has been found to improve on employee performance in the organization.

Key Words: *Entrepreneurial culture, employee performance, World Vision*

1.1 Introduction

Organisation Culture is an integral part of the Organisation and therefore, it is assimilated as a powerful organizational tool. The culture of an Organisation affects employee behaviors, and offers them a feeling of identity and control in decision-making. In this day and age, no Organisation is protected from forces and pressures exerted on it with regards to relevance, competitiveness, and constant change. To face this news, the Organisation must reconsider its behaviours and practices to renew it, to open out and reinforce its international position in the market. Some of these practices form what is called the entrepreneurial orientation (Zouhayer, 2013).

Ravasi and Schultz (2006), state that organizational culture is a set of shared mental assumptions that guide interpretation and action in organizations by defining appropriate behavior for various situations. At the same time although a company may have "own unique culture", in larger organizations, there are diverse and sometimes conflicting cultures that co-exist due to different characteristics of the management team. The organizational culture may also have negative and positive aspects.

According to Sadri and Lees (2001), a positive organization culture could provide immense benefits to the organization and thereby a leading competitive edge over other firms in the industry whereas; a negative culture could have a negative impact on the organizational performance as it could deter firms from adopting the required strategic or tactical changes. Such type of culture could hinder future changes in an Organization. Van der Post et al. (1998) examined the relationship between organizational culture and financial performance of Organizations in South Africa. The results showed that organizational culture has a positive relationship with the financial performance of the firms. The results of the study also showed that firms that are financially more effective differ from those firms that are not effective with respect to the organizational culture dimensions used in the study.

Birkinshaw (2003) refers to an organizational model of entrepreneurship in which the culture of the organization and the style of management are impossible elements to circumvent. According to Kuratko et al. (1993), entrepreneurial culture is a crucial factor of the installation of an entrepreneurial spirit. According to Naranjo-Valencia, Jimenez and Sanz-Valle (2011), entrepreneurial culture is a determining key of the strategy of innovation, and consequently, organisations should support values and standards according to their strategic choice. In other words, the culture of Organizations' is posed as an axial element of the continuation of the organisations in entrepreneurial activities and arouses the interest to jointly analyze it with the concept of entrepreneurial orientation (EO).

According to Kanhaiya (2013), Entrepreneurship, intrapreneurship, innovation, change – all refer to the processes of organizational renewal and adaptation for sustenance and growth. Growth and evolution are the essence of an organic entity. Entrepreneurship reminds us that in a rapidly changing world, organizational ideas go through an incessant process of demise and rebirth, destruction and reincarnation. Hence the spirit that created the organization initially must keep rejuvenating and sustaining it. Entrepreneurship underscores the importance of proactive experimentation in the growth cycle.

1.2 Statement of the Problem

The main interest in this study is that Entrepreneurial culture is key for organisation sustainably, in the ever changing and dynamic global status of organizations. If an organisation is to keep up with the fast paced environment characterized by restructuring, downsizing, and reinventing, then a culture of entrepreneurship would be a key strength to ensure sustainability and continuity of the organisation and employees.

According to Huang and Wang (2011) entrepreneurial orientation has been examined under numerous classifications through which innovativeness, pro-activeness, and risk-taking capabilities were the most prominent set of values. Innovativeness has to do with the ability of work an organisation invest in knowledge, leading to creation of new products or services. This showcases the involvement of human resource development policy in the enhancement of innovative capabilities of an organisation toward invention of new products or services. Pro-activeness suggests consciousness of business environments both internal and external for immediate reaction to the change. Risk taking on the other hand, refers to the ability to take good advantage of business opportunities, undermining the associated risk.

Entrepreneurial culture has largely remained a descriptive and normative concept rather than a theoretical one. Entrepreneurial culture has been used as an ambiguous catch-all term with respect to values, attitudes, beliefs, assumptions, norms, and behaviours related to entrepreneurship (Wong 2014). Gartner (1990) questioned, “is entrepreneurship just a buzzword, or does it have particular characteristics that can be identified and studied?” The purpose of this study therefore, was to study the three main characteristics of an entrepreneurial culture i.e. innovation, risk taking, and creativity with a view to determining if these attributes have any effect on employee performance in Organisations, with a case study of World Vision Kenya.

1.3 Objective of the Study

The objective of the study was to analyse the effect of entrepreneurial culture on employee performance in world vision.

1.4 Hypotheses

H₀: Entrepreneurial culture has no significant effect on employee performance in the world vision.

2. Literature Review

This study analyzed the relationship between an entrepreneurial culture and employee performance in Organisations. Wickham (2006), defined the term entrepreneurial as an adjective describing how the entrepreneur undertakes what they do. Atherton (2004), defined being entrepreneurial as a behavior that can be demonstrated and manifested regardless of the nature of involvement in an organization. Brownson (2011), defines culture as an attribute, values, beliefs and behavior, which can be learned or acquired by man from one generation to another, from one individual to another, from one group to another, as long as one is a member of the society and it has the ability of distinguishing one group from another. Brownson (2013) further conceptualized entrepreneurial culture to constitute of entrepreneurial attributes, entrepreneurial mindset, and entrepreneurial behavior.

According to Wong (2014), the concept of “entrepreneurial culture” has existed for decades, described as an organizational culture embodying and championing entrepreneurial characteristics and attributes. These have included risk-taking, innovation, and creativity; the elements one would expect to see among entrepreneurs as individuals. However, despite years of entrepreneurial culture discussion, it remains a relatively ambiguous theoretical construct. Numerous perspectives have emerged describing the phenomenon and the concept, yet it remains unfocused and equivocal. Different definitions and sets of characteristics and attributes describe the concept inconsistently; empirical applications use inconsistent measures.

According to Bridge et.al (2009), Entrepreneurial attributes are indicators of entrepreneurial potentials. They can be acquired from both nature and nurture, thereby implying that every individual may have some entrepreneurial attributes though most of them may not realize it. Gary et. al. (2006) argues that Entrepreneurial attributes are considered important due to the level of relationship they share with the other constituents of entrepreneurial culture. For instance, entrepreneurial attributes were found to be a critical factor in influencing an individual’s entrepreneurial decisions to start a business. According to Kombo and Tromp (2006), a theory is a reasoned statement or group of statements, which are supported by evidence meant to explain phenomena. Wong (2014) elaborated Entrepreneurial culture by splitting into a 5 dimensional model constituting of Organizational enthusiasm, stakeholder alignment, Learning and Development support, Opportunity driven change and cohesiveness.

Organisational enthusiasm is defined as a pattern of values, assumptions and practices demonstrating an excitement and passion for the organization, its goals and purpose. Stakeholder alignment is a

pattern of values, assumptions, and practices demonstrating the importance of building and maintaining mutually beneficial relationships with key stakeholders like customers, vendors, partners, and investors. Learning and Development support constitutes of a pattern of values, assumptions, and practices demonstrating individual and group self-improvement, learning, and professional development. Opportunity driven change is all about a pattern of values, assumptions, and practices demonstrating a willingness to change in order to identify or develop opportunities and execute on them. Finally, cohesiveness is a pattern of values, assumptions, and practices demonstrating organizational members' bond and commitment to each other and the organization, irrespective of circumstance.

2.2 Conceptual Framework

The study focused mainly on entrepreneurial culture and its effect on employee performance in organisations. According to Ireland, Hitt, & Sirmon, (2003), entrepreneurial culture is as a form or type of culture which is creative, innovative, and takes risks. This study analyzed the effect of entrepreneurial culture on employee performance at World Vision Kenya. The following conceptual framework was applied for the purpose of the study.

Fig 2.2 Conceptual Framework

Independent variable

Dependent variable



Source: Author (2016)

3. Research Methodology and Design

According to Kombo and Tromp (2011), a research design is the glue that holds all of the elements in a research project together. A design is used to structure the research, to show how all of the major parts of the research project work together to try to address the central research question. The study employed a descriptive research design. This is a scientific method of investigation used to collect and analyze data to describe current conditions or relationships, in this case the relationship between entrepreneurial culture and employee performance in organisations. Primary data was collected with the use of questionnaires as the main instrument of data collection.

3.1 Target Population

The target population of the study comprised of HR Managers, Supervisors and Field Officers, totaling to 960, in all the World Vision Branches in Kenya.

Table 3.1: Target Population

World Vision Branches	Target Groups			
	HR Manager	Supervisors	Field officers	Total
Bungoma Branch	2	6	87	94
Eldoret Branch	2	7	79	88
Kibwezi Branch	1	4	67	72
Kibwezi Branch	1	3	43	47
Kisumu Branch	2	5	81	88
Kitale Branch	1	3	37	41
Kuria Branch	2	5	27	34
Machakos	1	3	37	41
Makueni Branch	1	5	93	99
Makuyu Branch	1	4	29	34
Malindi Branch	2	5	17	24
Mombasa Branch	3	15	43	61
Nairobi Branch (HQ)	5	17	35	57
Nakuru Branch	2	5	67	74
Nanyuki Branch	1	3	15	19
Sultan Hamud Branch	1	3	25	29
Thika Branch	1	4	35	40
Wajir Branch	1	2	15	18
Grand Total	30	99	832	960

Source: World Vision 2016

3.2 Sampling Procedure and Sample Size

For the purpose of this study, the researcher used stratified random sampling. According to Kombo and Tromp (2006) stratified random sampling involves dividing your population into homogeneous subgroups and then taking a simple random sample in each subgroup. For the purpose of this study proportionate sampling method was used where 50% of respondents were selected from each category.

Table 3.1 Sample Size

World Vision Branches	Sample Size (50% of target population)			
	HR Manager	Supervisors	Field officers	Sample size
Bungoma Branch	1	3	43	47
Eldoret Branch	1	4	39	44
Kibwezi Branch	1	2	34	37
Kibwezi Branch	1	1	22	24
Kisumu Branch	1	3	40	44
Kitale Branch	1	1	19	21
Kuria Branch	1	3	13	17
Machakos	1	1	19	21
Makueni Branch	1	3	47	51
Makuyu Branch	1	2	14	17
Malindi Branch	1	3	9	13
Mombasa Branch	1	7	22	30
Nairobi Branch (HQ)	3	9	17	29
Nakuru Branch	1	3	33	37
Nanyuki Branch	1	1	7	9
Sultan Hamud Branch	1	1	12	14
Thika Branch	1	2	17	20
Wajir Branchi	1	1	7	9
Grand Total	20	50	414	484

3.3 Data Collection

The procedure of data collection involved designing and distributing questionnaires. According to Kerlinger (1999) a questionnaire is considered ideal for collecting data because the respondents individually record and interpret the instruments. The questionnaire in this study comprised of questions of structured and semi-structured nature. Pre-testing was carried out to ensure reliability of the instrument.

3.4 Data Analysis

The data collected was analyzed quantitatively using the Statistical Package for Social Science (SPSS) version 21. The computed data was analyzed using descriptive statistics including frequencies, means, and percentages. The relationship between entrepreneurial culture and employee performance was expected to follow the simple linear regression model of the nature:

$$Y = \beta_0 + \beta_1 X_1 + \varepsilon$$

Where:

Y = employee performance

β_0 = constant

β_1 , = coefficients of the determinants of entrepreneurial culture

X_1 = entrepreneurial culture

ε = Error term

4. Results and Discussion

For the purposes of the study, the profile included: position in World Vision Kenya, gender and number of years in service at WVK. Findings on the position of the respondents at World Vision Kenya were presented in Fig 4.1. 83.7% comprised of junior staff, 11.7% supervisory level staff, and 4.6% comprised of Managers, therefore all job levels were well represented within the WVK organogram.

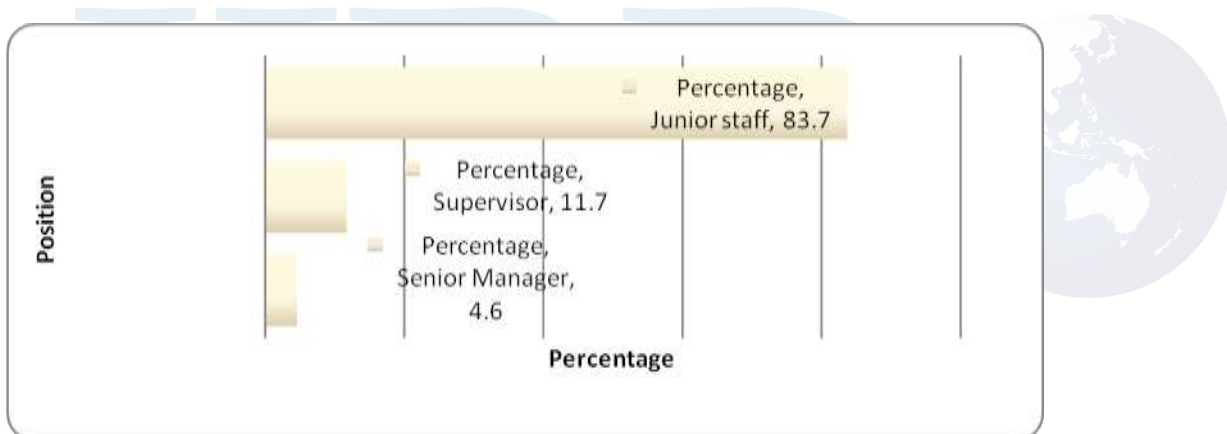


Figure 4.1: Position in World Vision Kenya

Gender was presented as indicated in Figure 4.2. According to the findings, 57% were female while 43% were male, both genders were well represented owing to a paltry disparity of 14%.

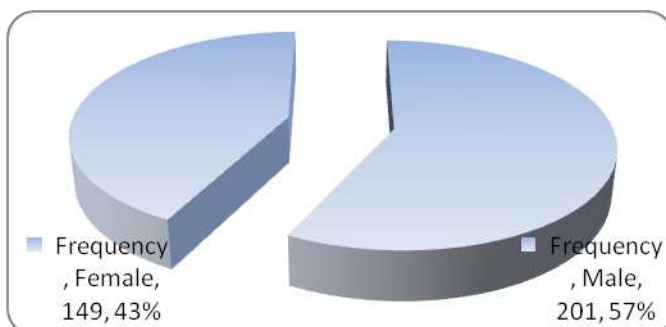


Figure 4.2: Gender of the Respondent

Findings on work experience in terms of the number of years that the respondent had work at WVK was presented in figure 4.3. 58% of the respondents had experience in the organisation of 5 to 7 years, 13% had experience of 8 years within the organization and 23% had work experience of to 4 years, while 6% had experience of below one year with the organisation.

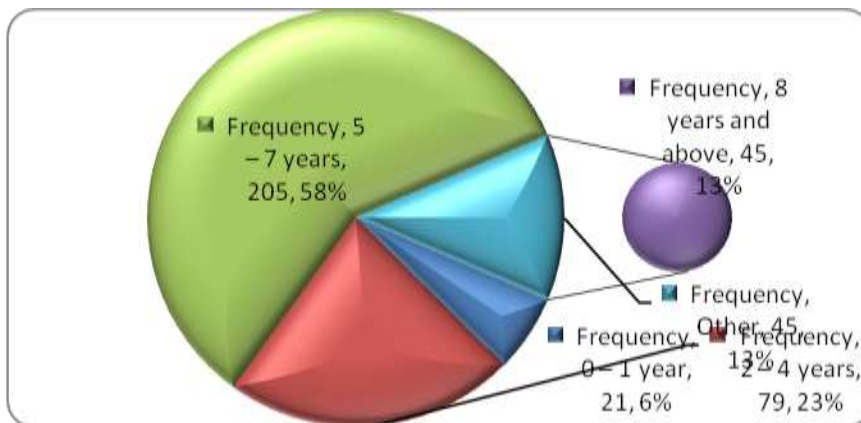


Figure 4.3: Work experience within the organisation

Entrepreneurial culture was also assessed to determine its use within World Vision Kenya. The questions posed on the employees sought to find out if their work environment encouraged employees to be innovative, creative and gave them the independence to take risks. A Likert scale was adopted for this purpose.

Results indicated on Table 4.4 demonstrated that, supervisor's trust employees they line manage to perform their duties with minimal supervision, without micro management, allowing them to take risks in decisions they make in the course of performing their duties. The result attracted a weighted mean of 3.56; employees are given room to think creatively and independently in the course of carrying out their duties with a mean of 3.52; and finally, employees are encouraged to be innovative in the course of performing their duties, had a mean of 3.37.

The results signified that World Vision Kenya promoted an entrepreneurial culture in which employees are encouraged to see and understand the wider picture, think creatively and independently with a view to achieve the employee performance objectives and the overall objectives of the organisation. According to Deshpande and Farley (1999), an entrepreneurial culture is characterized by high levels of risk taking, dynamism, and creativity. Hellriegel, Slocum and Woodman (2001) also observed that there is commitment to experimentation, innovation, and being on the leading edge where an entrepreneurial culture is adopted by an organisation. These findings therefore are in alignment with the findings at World Vision Kenya on the benefits of an entrepreneurial culture at an employee performance level and at the overall organizational performance level, which in turn results to a high performing organisation.

Table 4.1: Entrepreneurial Culture

Statement	Never	Rarely	Sometimes	Frequently	Very Frequently	Mean	STDEV
My supervisors allows me to be innovative in the course of carrying out my duty and achieving my performance objectives	6	78	106	102	58	3.37	1.054
I am empowered to perform my role to the best of my ability with the resources available to me	0	49	153	110	38	3.39	0.858
I am trusted to perform within my role with minimal supervision	8	51	99	122	70	3.56	1.037
I am encouraged to use my creativity independently in the course of carrying out my duties	5	60	87	143	55	3.52	0.996

4.1 Employee Performance

The study sought to find out the employees performance and its contribution to the overall organisation performance, at World Vision Kenya. Table 4.2 shows that: the culture in World Vision Kenya has created employee stability despite organisation restructuring (mean of 4.22); the entire organization pulls towards a common goal encouraged by its culture and mission (4.07); there is greater employee accountability for end results within the organization (4.02); employees have created value for funds invested in projects undertaken by the organisation (3.92); employees play a key role in accomplishing the wider goals and objectives of World Vision Kenya (3.86); the Organization is characterized by high performing employees who create visibility and outreach in the areas of operation (3.79); employees are highly motivated in meeting the challenges of the task assigned and creating innovative ways accomplishing their work objectives (3.76); finally, employees are satisfied with their roles at World Vision Kenya resulting in loyalty for the Organisation (3.70).

Table 4.2: Employee Performance

Statement	Strongly Disagree	Disagree	Uncertain	Agree	Strongly Agree	Mean	STDEV
I am highly involved in achieving the overall goals and objectives of WVK	0	21	89	157	83	3.86	0.844

The Organization is characterized by high performing employees who are visible in the organisation's areas of operation	0	41	91	120	98	3.79	0.981
I am satisfied with my role at WVK and my loyalty is towards the organisation	0	28	120	131	71	3.70	0.881
Employees at WVK have created value for funds invested in WVK projects in the Kenya	0	32	74	135	109	3.92	0.939
WVK Organization culture has created employee stability despite organisation restructuring	0	7	43	167	133	4.22	0.732
Employees are highly motivated in meeting the challenges of the task assigned and creatively innovate ways of accomplishing their performance objectives	0	11	132	136	71	3.76	0.806
The entire organization pulls towards a common goal encouraged by its culture and mission	0	8	68	167	107	4.07	0.766
There is greater employee accountability for end results within the organization	0	11	73	159	107	4.03	0.799

4.2 Regression Analysis

In order to assess the effect of entrepreneurial culture on the employees' performance, the aggregate mean score of entrepreneurial culture were regressed against the aggregate mean score of employees' performance measures and the results are presented in table 4.3. The study results show that R is the correlation between the observed and predicted values of dependent variable implying that the association of 0.813 between entrepreneurial culture and organization performance was very good.

R-Square is coefficient of determination and measures the proportion of the variance in the dependent variable - organization performance - that is explained by variations in the independent variables - entrepreneurial culture. This implied that 66.1% of variance or correlation between dependent and independent variables. That is, 66.1% of variations or changes in organization performance are caused by entrepreneurial culture at WVK.

Table 4.3 Model Summary (Goodness of fit)

R	R-Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
0.813(a)	.661	.635	1.324	1.941

a. Predictors: (Constant) Entrepreneurial Culture,

b. Dependent Variable: Organization Performance

The ANOVA statistics was used to present the regression model significance. A significance value of $p = 0.021$ was established showing that on overall significance, there was a statistically and significant relationship between entrepreneurial culture and organization performance because the p-value is less than 0.05. The hypothesis criteria was that the null hypothesis H_0 should be rejected if $\beta \neq 0$ and $p\text{-value} \leq \alpha$ otherwise fail to reject H_0 if the $p\text{-value} > \alpha$. From the above regression results, $\beta \neq 0$ and $p\text{-value} < 0.05$, hence the study therefore rejects the null hypothesis since $\beta \neq 0$ and $p\text{-value} \leq \alpha$ and concludes that entrepreneurial culture affected employee performance in world vision Kenya.

Table 4.4 Analysis of Variance (ANOVA)

	Sum of Squares	Df	Mean Square	F	Sig.
Regression	3.841	4	.307	5.191	0.021(a)
Residual	7.714	345	.059		
Total	11.556	349			

a. Predictors: (Constant) Entrepreneurial Culture

b. Dependent Variable: Employee Performance

The regression constant shows (Table 4.5) that when the independent variable (entrepreneurial culture) is constant at zero, the organization performance value would be 0.917. This shows that without the entrepreneurial culture, WVK would perform dismally. Entrepreneurial culture would lead to an increase in organization performance by factor of 0.792 with P value of 0.041 should other factors be held constant. Besides, entrepreneurial culture encourages employees to be innovative, seek newer ways of solving a problem, discourages micro managing hence enhances employees' intrinsic motivation to perform (Park and Kim, 2009). Therefore, entrepreneurial culture greatly, positively influences employee performance and is only second to consensual culture.

Table 4.5 Regression Coefficients

	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	1.406	.375		3.640	0.710
Entrepreneurial Culture	.917	.646	.792	2.803	0.041

a. Dependent Variable: Employee Performance

On entrepreneurial culture, WVK fosters entrepreneurial culture in which employees are encouraged to think 'outside the box', be innovative, work independently and produce the best result they could. Linear regression model was applied to determine how entrepreneurial culture in WVK affects the employees' performance. Linear regression used in this model was:

$$Y = 1.406 + 0.792X + \varepsilon$$

Whereby: Y is employee performance; 1.406 is regression constant; 0.792 regression coefficient; X is entrepreneurial culture; and, ε is error term.

5. Summary of the Findings

The study results show that there was a statistically significant positive linear relationship between entrepreneurial culture and employee performance ($\beta = .792$, p-value = 0.041) because the p-value is less than the set value of 0.05 (p-value = 0.041). The regression results also showed that entrepreneurial culture had explanatory power on employee performance in that it accounted for 66.1 percent of its variability (R square = 0.661).

5.1 Conclusion and Recommendation

Based on the results obtained from the tests of the study hypotheses, it is concluded that there is a relationship between entrepreneurial culture and organization performance and the relationship was positive and statistically significant ($p < 0.05$). The study recommends that the employees in world vision strive to improve on their entrepreneurial culture because it has been found to have a significant and positive effect on employee performance

References

- Atherton, A. (2004). Unbundling Enterprise and Entrepreneurship: From Perceptions and Preconceptions to Concept and Practice, *Journal of Entrepreneurship and Innovation*, May, 2004, Vol.5 Issue 2, p121-127, 7p.
- Birkinshaw, J. (2003). "Le paradoxe de l'entrepreneuriat ». *L'Expansion Management Review* 109: 19-29
- Bridge, S., O'Neill, K. and Martin, F. (2009). *Understanding Enterprise, Entrepreneurship and Small Business*, 3rd Edition, Basingstoke: Palgrave Macmillan
- Brownson, C. D. (2011). *The Impact of Government Entrepreneurship Promotion Policy Measures in Fostering Entrepreneurial Culture in Akwa Ibom State, Nigeria from 2004 to 2009*, Unpublished PhD Thesis, University of Essex, England, 2011
- Brownson, C. D. (2013). *Fostering Entrepreneurial Culture: A Conceptualization*. Vol.5, No.31
- Gartner, W. B. (1990). What Are We Talking About When We Talk About Entrepreneurship? *Journal of Business Venturing*, 5(1): 15-28
- Gray, K. R., Foster, H. and Howard, M (2006). Motivations of Moroccans to be Entrepreneurs, *Journal of Developmental Entrepreneurship*, Vol. 11, No. 4 (2006) 297–318
- Ireland, R. D., Hitt, M. A., & Sirmon, D. G. (2003). A Model of Strategic Entrepreneurship: The Construct and Its Dimensions. *Journal of Management*, Vol 29, No. 6
- Kanaiyah K.(2013). *Creating Entrepreneurial Culture in Large Organizations*. *Journal of Advanced Research in Economics and International Business* Vol 1, issue 2(2) pp 71 - 96
- Kombo D. K., Tromp D. L. A. (2006), *Proposal and Thesis Writing: An Introduction*, 2nd Edition, Paulines Publications
- Kuratko, D.F., Hornsby, J.S. Na_ziger, D.W., Montagno, R.V. (1993). "Implementing entrepreneurial thinking in established organizations". *SAM Advanced Management Journal* 58 (1) : 28-35
- Sadri G., Lees B. G. "Developing Corporate culture as a competitive advantage". *Journal of Management Development* Vol 20, issue 10 pp 853-859
- Naranjo-Valencia, J.C., Jimenez-Jimenez, D., and Sanz-Valle, R., (2011). "Innovation or imitation? The role of organizational Management Decision 49 (1): 55-72

- Ravasi D., Schultz M. (2006). Responding to Organisation Identity Threats: Exploring the role of Organisational Culture. *Academy of Management Journal*, Vol 49, No. 3 pp 433-458
- Wang, X., Yang, B., & McLean, G. N. (2007). Influence of demographic factors and ownership type upon organisational learning culture in Chinese enterprises. *International Journal of Training and Development*, 11(3), 154-165
- Wickham, P. A (2006). *Strategic Entrepreneurship* 4th ed, Harlow: Financial Times Prentice
- Wong, M. A (2014). "Entrepreneurial Culture: Developing a Theoretical Construct and its Measurement". *Electronic Thesis and Dissertation Repository*. Paper 2138
- Zouhayer M. (2013). Entrepreneurial Culture, profile of the leader and entrepreneurial orientation: Empirical application in the case of the Tunisian Companies. Vol. 4, No. 3

