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INFLUENCE OF ORGANISATIONAL CULTURE ON PRO-ACTIVENESS, INNOVATIVENESS AND RISK TAKING BEHAVIOUR OF SMES

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Abstract. The business performance of small and medium enterprises (SMEs) is influenced by their entrepreneurial orientation (EO). EO involves different dimensions like proactive behaviour, innovation, and risk-taking behaviour. It is to be noted that organisational culture (OC) plays a prominent role in achieving improved business performance. This is because SMEs that emphasise on their internal and external business environment are likely to sustain their survival in the highly competitive environment. The impact of organisational culture on innovation, proactive, and risk-taking behaviour of SMEs in UK was assessed. A quantitative method was employed to gather and analyse the primary data obtained through survey questionnaire. The analysis revealed that organisational cultures like group, rational, and developmental culture impact the proactiveness, innovativeness, as well as risk-taking behaviour of SMEs. Also, a significant correlation was observed between group, developmental, and rational culture on innovativeness of SMEs. Thus, it is inferred that organisational culture tends to have influence on SMEs' proactiveness, innovativeness, and risk-taking behaviours

Keywords: Organisational Culture; Innovativeness; Risk Taking; SMEs

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1. Introduction

Organisational effectiveness of SMEs is perceived to be largely dependent on their entrepreneurial orientation (EO). Firms that have a high degree of EO, are likely to perform better both financially and non-financially (Brettel, Chomik, and Flatten, 2014). SMEs are in majority all over the world and according to an estimate, almost 90% of the organisations are small and medium-sized (Gasiorowski-Denis, 2015). Whereas in UK, almost 99% of the private firms are SMEs that significantly contribute to country's economy (FSB, 2019). Of significance, role of SMEs is of pivotal importance as they substantially contribute to the economy of the country, in addition, 70% of the employment is generated by SMEs (Suárez, 2016). In UK, 59 percent of jobs are created by SMEs (Sadighi, 2017). However, it is also observed that SMEs are faced with challenges to sustain their survival in a highly competitive business environment (Ahmed and Abuelmaatti, 2013). Thus, to survive and

realise the desired business performance, SMEs need to design and execute effective strategies. Since the construct of EO has originated from literature of strategic management, SMEs should integrate innovativeness in OC, proactiveness, and risk-taking in business operations to improve performance (Kreiser, Marino, Kuratko, and Weaver, 2013). Moreover, these entrepreneurial activities are created within the firms that in turn influence the features, processes, decisions, actions, and overall organisational performance.

Nevertheless, the establishment of these dimensions is driven by organisational culture that ultimately impacts the entrepreneurial posture of SMEs. Particularly, organisational culture reflects the management practices that are adopted by the firms. Though organisational culture serves as the precursor for proactiveness, innovativeness, and risk-taking behaviour in SMEs, there remains a scarcity of literature pertaining to the relationship between organisational culture and these key dimensions of EO (Brettel et al., 2014; Engelen et al. 2013). Since the SMEs are resource constraints, innovation, proactive, and risk-taking behaviour are significant for their survival. More precisely, management of SMEs is required to prefer innovation in products, services, processes to enhance market value. Similarly, for aggressive competition, SMEs should be proactive in anticipating market changes. Besides, the inclination towards business-related risks should be improved in the organisational culture of SMEs for leveraging from dynamic external business environment. All of these dimensions depend on the organisational culture of SMEs.

The present research is aimed at investigating the influence of OC on three key entrepreneurial dimensions (EO) with reference to SMEs. In consideration of this purpose, the objective of the current study is to find out the influence of organisational culture on proactiveness, innovativeness, and risk-taking behaviour of SMEs. Furthermore, the relationship between OC and proactiveness, innovativeness, and risk-taking behaviour will be explored to analyse these EO dimensions on the performance of SMEs. Shihab, Wismiarsi, and Sine (2011) also acclaimed that the organisational culture is responsible for improving the organisational performance by developing competencies to achieve a cutting edge. Also, being a determinant of EO, organisational culture involves all the aspects of business practices, processes, and decision-making that are necessary for enhancing the SME's growth. Consequently, the importance of organisational culture cannot be disregarded in the business performance, more specifically in the SME's.

1. Literature review

Organisational Culture (OC)

OC is distinguished as the way firms and their employee's function. It encapsulates the set of specific values, norms, protocols, and behaviours that serves guidelines for organisations. The entire workforce along with the management mutually adheres to the specific culture prevalent in their respective organisations (Sadighi, 2017). Furthermore, senior management is responsible for establishing, maintaining, promoting, and changing the organisational culture with response to the dynamic business environment (Alvesson, 2012). OC is also referred to as the structure for both interpersonal relationships of people working in the organisation and the relationship of firm with its external environment (Katrin, 2011). Besides, effective OC involves its work environment, organisational goals, and practices, management styles, career opportunities, employee benefits and rights, etc. (Tohidi and Jabbari, 2012). Moreover, culture of organisations is influenced by multifarious factors such as interaction between organisations and their employees and external environment. In addition, organisational processes like R&D (research and development), HR functions, and other management processes also influence the organisational culture.

Moreover, the competing values model (CVM) better explains the types of organisational culture by forming the four quadrants and each side reflects specific kinds of organisational factors. Precisely, there are four types of OC that include group and hierarchical culture that emphasises the internal factors, developmental and rational culture

focuses on external factors (Brettel et al., 2014). Presumably, firms can represent more than one type of culture at one time. Of note, behaviour of employees is largely influenced by organisational culture. In this consideration, study of Nacinovic et al. (2010) has revealed that innovation is only fostered in the firm when HR practices support it. In particular, human resource management (HRM) is essential in fostering a culture of innovation. With regard to this, HRM needs to provide adequate training to its employees with the purpose to enhance their skills, knowledge, and competencies. Similarly, the acknowledgment of employees' contribution through performance-based rewards system, team development through effective leadership can improve the innovation culture in the organisation. Sadighi (2017) also proclaims that strong corporate culture is likely to remain motivated and highly satisfied employees who put their utmost efforts into fulfilling their roles that ultimately contribute to improved organisational performance. Also, the high-performing employees possess increased agility and flexibility and therefore, can be altered in accordance with the fluctuating needs of market.

Organisational culture also influences the performance of SMEs. The study of Desson and Clouthier (2010) has expounded multifarious benefits of effective culture as it facilitates firms in making right decision to tackle the confronted internal and external organisational issues. Similarly, it ensures that employee behaviour and their interaction with other employees is appropriate. Organisational culture also exhibits the manner in which allocated tasks should be accomplished, in addition, it improves the attitudes of external stakeholders towards the organisation (Sadighi, 2017). Also, OC that involves shared assumptions is learned by the entire workforce so as to solve the problems pertaining to internal integration as well as to adapt with external business environment (Tidor, Gelmerianua, Barua, and Mora, 2012). Also, management literature has suggested that organisational culture is of paramount importance in realising desired organisational outcomes like increased competitive advantage, improved financial performance and organisational effectiveness (Shehu and Mahmood, 2014). Thus, for SMEs, effective organisational culture tends to have significant influence on their performance to progress.

Pro-activeness in Organisation

Fundamentally, pro-activeness is concerned with the ability of a firm to anticipate the changes in the market dynamics with the purpose to grab market opportunities. Underpinning the perspective of SMEs, entrepreneurs suggest that this dimension of pro-activeness is crucial to sustaining the firm's survival in the highly competitive environment, more specifically, by anticipating the fluctuations in customer trends (Fadda, 2018). This dimension requires the SMEs to keep an eye on the moves of existing competitors and seek out new strategies, instead of restricting to their current defending strategies. In anticipating and seizing the market opportunities, role of SMEs aspects like business practices, management style, decision making is of undeniable prominence. Eggers, Kraus, Hughes, Laraway, and Snyckerski (2013) claim that proactive behaviour of SMEs reflects their ability to anticipate the needs of market as well as competitors. Wanjau, Mung'atu, Gichira, and Wambugu (2015) argued that this is because it requires the SMEs to prepare for future success by bringing improvements in the existing products and services.

Proactiveness which is a forward-looking vision is escorted by new-venturing business activities of SMEs. Also, this dimension entails the exploitation of opportunities emerging from the changing market trends (Bakar and Zainol, 2015). Basically, proactive firms strive to gratify the needs of underserved markets to achieve a competitive advantage in their respective markets. Shihab, Wismiarsi, and Sine (2011) deliberated that the concept of competitive aggressiveness is akin to the proactive behaviour of firms as they compete with their rivals intensely and directly. It is also proclaimed that achievement-oriented culture is critical for SMEs to reap benefits of pro-activeness (Le Roux and Bengesi, 2014). Besides, it is acclaimed that firms that emphasises the proactivity in its organisational culture are capable of ensuring the high-performance of employees (Abdullah, Musa, and Azis, 2017). This is because it facilitates the employees to make most of their skills in performing their tasks.

A plethora of studies have also revealed that SMEs' performance is largely influenced by their organisational culture. The study of Kraus et al. (2012), in this regard, collected data from 164 Dutch SMEs and demonstrated

that pro-activeness positively contributes to improving the performance of SMEs, specifically, in times of economic crisis. Similarly, Matchaba-Hove and Vambe (2014) investigated the impact of pro-active behaviour of SMEs operating in South Africa. The inferences drawn by their study claimed that there exists a positive influence of proactiveness on the successfulness of small businesses. In support of this stance, studies of Boohene et al. (2012) and Anlesinya, Eshun, and Bonuedi (2015) have also suggested that proactiveness in organisational culture of SMEs substantially contributes to enhancing firms' profitability. Thus, it can be implied that organisational culture of SMEs that prefer proactiveness is capable of exploiting the available resources to leverage from the market opportunities.

Innovativeness in the Organisation

The notion of 'innovation' is of paramount importance for SMEs. Generally speaking, innovation is professed to be a phenomenon that encapsulates the diffusion, production, and translation of knowledge into improved and new products and services. The process of innovation also involves the development of new techniques of production and processes (Bigliardi, 2013). The innovativeness of a firm reflects on their propensity to support experimentation, new ideas, novelty, and creativity in processes to develop new and improved products and services. Chang and Hughes (2012) also argue that organisations expand on their current knowledge and skills to further improve and expand their existing products and services. Bakar and Zainol (2015) proclaimed that innovation is the essential component of organisational strategy as it serves as the means to leverage from the new opportunities in market. It is also asserted that innovation requires the firms to develop new organisational practises and culture that enables them to efficiently adapt to the fluctuating market situations. This implies that organisational culture that is supportive of innovation improves the financial performance of SMEs. Contrastingly, the organisational culture that strictly adheres to the rigid and conventional business practices that have no room for innovation, the survival of firm becomes difficult.

As mentioned earlier, innovation allows SMEs to gain competitive advantage as it involves the exploitation of firm's existing resources by enabling the firm to become first-mover and leader in the marketplace. Eggers et al. (2013) further mentioned that, in order for SMEs to optimise their chances for relishing first-mover benefits, SMEs are required to combine the innovativeness and proactiveness. This combination of EO dimensions facilitates firms in coming up with novel and innovative solutions that are supposed to be breakthrough in the market (Wang, Hermens, Huang and Chelliah, 2015). However, it is to be noted that innovativeness cannot be achieved in organisational practices unless organisational culture supports the preconditions of innovativeness. Maher (2014) argued that managerial practices need to decide which culture should be enacted in the organisation that fosters innovation. Also, Szczepańska-Woszczyna (2014) have underlined the prerequisites of innovativeness were highlighted that include organisational resources that have direct impact on the innovation like human capital, their competencies, education level, skills and knowledge of employees, research and development staff, along with the managerial and leadership skills that guarantee the innovation process in the long run.

Additionally, innovativeness that supports the creative and new ideas can be observed within organisations whose organisational culture encourages the employee participant in organisational decision making. In particular, firms that allow employees to express their opinions irrespective of their level in the firm, in addition, support new creative ideas can ensure the innovativeness in the organisation (Szczepańska-Woszczyna, 2014). Similarly, organisational culture that allows workforce to question the decisions and ideas of top-management can leverage from the benefits of innovativeness. The study of Nieto, Santamaria, and Fernandez (2015) also highlighted that entrepreneurial proactiveness is closely linked with the innovativeness in SMEs. This is because SMEs that adopt pro-active behaviour and seek out market opportunities, bring amendments and innovations in their organisational practices accordingly with the intention to meet the emerging market and customer needs.

Nevertheless, it is important for an organisation to develop innovative culture and for this purpose compensation and rewards, employee engagement, effective communication and collaboration and sharing of new and

innovative ideas should be supported among employees at all levels. By developing and working on these aspects, the organisation can increase innovativeness in their work, and boost productivity and efficiency.

Organisational Culture and Risk-Taking Behaviour of SMEs

The third dimension of entrepreneurial orientation is risk-taking which is distinguished as the tendency of firm's management to take business-related risks in uncertain business environment. Entrepreneurs and SMEs usually categorise the situations in business as highly or less risky (Kreiser, 2013). Moreover, it is widely accepted that small enterprises are more likely to take risks in uncertain environments with the intention to seize opportunity in respective markets. However, it is to be noted that risk-taking behaviour involves the huge resource commitment that is grounded in the entrepreneur's expectation to gain increased returns and other associated benefits (Shihab, Wismiarsi, and Sine, 2011). Moreover, entrepreneurs take calculated business-related risks whenever it comes to making investments in new ventures or tap uncertain market (Le Roux and Bengesi, 2014). In this process of assessing risk so as to make informed decisions, SMEs need to gather the relevant information. The findings of Tang and Murphy (2012) have suggested that SMEs do not usually invest in new ventures due to perceived high-risks. However, those who invest willingly, intend to generate huge profits and enhance the growth of their firms.

Of note, increased competitiveness reflects the attitude of SMEs towards risk-taking in order to deal with their competitors. Fadda (2018) stated that for this purpose, SMEs monitor and counter the strategies of rivals continually. In addition, SMEs even imitate other organisations to achieve a competitive advantage and improve organisational performance. This implies that risk-taking behaviour is positively associated with the SMEs' performance. In accordance with the findings of Anlesinya, Eshun, and Bonuedi (2015), it was claimed that a significant correlation exists between profitability of SMEs and risk-taking behaviour. This accentuates the fact that owners of SMEs adopt the risk-taking behaviour in organisational culture and thereby, allocate the firm's resources as well as heavily borrow to make most of the available market opportunities. This huge investment is grounded in the supposition that it will help SMEs in generating high profits. In support of this, studies of Karaoglu et al. (2013) and Muthee-Mwangi and Ngugi (2014) can be cited that affirms that entrepreneurial risk-taking behaviour is likely to increase firm's profitability. Irrespective of the fact, Kaya and Agca (2009) and Boohene et al. (2012) also claimed that no positive relationship exists between profitability of SMEs and risk-taking behaviour.

It is to be noted that organisational culture has substantial impact on the risk-taking behaviour of SMEs. Brettel, Chomik, and Flatten (2014) has highlighted the role of developmental culture in ensuring the risk-taking behaviour within SMEs. This type of organisational culture focuses on the change in organisation. Organisations that put emphasis on external factors are likely to anticipate future needs, challenges, and changes in market. Based on this external orientation, firms are capable of making informed decisions and leverage from their risk-taking behaviour (Kreiser et al., 2010). This is due to the fact that management, as well as employees of SMEs wherein developmental culture, is prevalent, is likely to accept uncertainty in business environment and adopt risk-taking behaviour. In addition, group culture in organisation put emphasis on the development of human relations at workplace by fostering participation and trust. This type of culture in organisation guarantees intensive interpersonal collaboration that elevates confidence of employees and in turn, enhances the risk-taking behaviour.

The proposed hypotheses for the current research study are as follows:

H1: Group culture has a positive significant influence on the pro-activeness of SMEs

H2: Group culture has a significant influence on the innovativeness of SMEs

H3: Group culture is significantly related to the risk-taking behaviour of SMEs

- H4:** Developmental culture positively contributes to improving the SMEs proactiveness
H5: Developmental culture is significantly linked with the innovativeness of SMEs
H6: Developmental culture has a positive association with risk-taking behaviour of SMEs
- H7:** Rational culture is significantly associated with the proactiveness of SMEs
H8: Rational culture positively influences on the innovativeness of SMEs
H9: Rational culture has significantly association with the risk-taking behaviour of SMEs

2. Methodology

Research Approach and Design

The present research has examined the influence of organisational culture on the innovation, pro-activeness, as well as risk-taking behaviour. In this consideration, the positivist research philosophy was undertaken. A number of researchers have acclaimed that positivist philosophy facilitates researcher in adopting the suitable research design to accomplish the research aims and objectives (Saunders, Lewis, and Thornhill, 2016; Blaxter, Hughes, and Tight, 2010; Antwi and Hamza, 2015). Thus, by adopting the positivist philosophy, present study collected data to investigate the causal relationship between the proposed variables of the study. In more precise words, underpinning positivist research philosophy, quantitative approach was used to answer the research problem (Collins, 2010). The rationale for adopting quantitative method was to seek the cause and effect relationship between variables of the study.

After the adoption of a suitable research plan that is appropriate for research objectives, descriptive, correlational design was used to demonstrate the statistical relationship between variables. The use of descriptive correlational design is justified as the research intends to seek out whether there is dependency between proposed situational aspects (Shah and Al-Bargi, 2013; Appuhami and Bhuyan, 2015). In the current study, descriptive correlational design was undertaken due to the fact that independent variable (organisational culture) is responsible for influencing the dependent variables (proactiveness, innovativeness, and risk-taking behaviour of SMEs).

Sampling and Data Collection

Appropriate source for data collection that addresses the objectives of the present research was selected by researcher. As the study has collected data from the total 196 employees of the SMEs in UK. Primary data was collected using the survey questionnaire. To carry out the survey, a questionnaire was sent to the employees of the SMEs through email. The information and email IDs of those employees were gathered through the internet. Google form was used for conducting the survey, as it is helpful in terms of validity and reliability of the research. The choice for gathering primary data is justified as it offers the original and up-to-date information about the research problem from the targeted population. In addition, researcher can exercise full control over the primary data to measure what is needed to be measured (Emilien, Weitkunat, and Lüdicke, 2017). After the collection of data from respondents employed in SMEs, the gathered data was analysed using different statistical tools of correlation and regression. Also, for the data analysis, numerical data analytical techniques inclusive of descriptive statistics, correlation, and regression were used. In the present study, existing relationship between organisational culture and innovativeness, pro-active, and risk-taking behaviour of SMEs was examined using the correlational analysis. Furthermore, the impact of three key aspects of organisational culture (developmental, rational, and group culture) on dependent variables of proactiveness, innovativeness, and risk-taking behaviour was investigated using regression analysis.

Ethical Consideration

Research ethics represents the integrity, truthfulness of the researcher while conducting study, in addition, to protect the individuals and their rights who can be impacted by study (Cooper and Schindler, 2014). The ethical principles are concerned with the methodological standards that researcher adopts to collect data. As the nature of present research is primary, ethical issues can occur while executing surveys (Halej, 2017). Thus, researcher ensured voluntary participation through informed consent of employees working in SMEs of UK. Under the UK general data protection regulation (GDPR), participants were informed regarding the use of their data. Respondents were also affirmed that their identities and responses will be kept confidential and anonymous. This allowed the researcher to obtain genuine information about organisational culture.

3. Results and discussion

Respondents' Characteristics

The descriptive statistics of the participants (employees) selected from the SMEs in the UK encapsulates the variables that were utilised. With respect to the gender, males were in majority employed in SMEs (i.e. 62.2%) as compared to females (i.e. 35.7%) who responded to the survey questionnaire. However, only 2% of the participants preferred not to answer the questions

SMEs in the UK employed a higher proportion of younger workers as majority (34.2%) of the respondents belonged to age range (36-40). However, a smaller proportion (i.e. 16.8%) and (i.e. 2.6%) falls into age range (46-50) and (50+) respectively. This indicates the age-diverse employees in UK SMEs. Descriptive statistics is provided in Table 1, Table 2 Table 3 and Table 4, Table 5 and Table 6.

Table 1. Descriptive Statistics

	Mean	Std. Deviation
Group Culture		
The organization I work for, emphasizes group culture and encourages employees to work together	4.2143	1.00512
The organization I work for is characterized by flexible environment.	4.0969	0.85682
The management encourages employees to work in cross-functional teams and brainstorm together.	4.0663	0.88907
Our superiors encourage us to exchange our knowledge and develop new ideas.	3.9592	0.96522
Valid N (listwise)		

Table 2. Descriptive Statistics

	Mean	Std. Deviation
Development Culture		
The organization I work for, emphasize "change and improvement"	4.0051	0.96342
The organization I work for offers a dynamic culture where employees are encouraged try out new ways and ideas	3.8673	0.90738
The management at my workplace encourages the employees to think out of the box.	4.0561	1.12406
The management encourages the employees to take charge of planning.	4.3571	0.91427
In my organization, employees are trained to deal with ambiguity and uncertainty.	4.1436	0.61753
Valid N (listwise)		

Table 3. Descriptive Statistics

	Mean	Std. Deviation
Rational Culture		
The environment of my workplace is characterized by a high degree of competitiveness	4.4949	0.74763
The organization I work for has goal-oriented culture that emphasize timely accomplishment of goals and objectives.	4.5510	0.72497
The organization I work for, emphasize on the “speed to market” behaviour.	4.5408	0.73266
Management encourages employees to work for organizational stability.	4.4847	0.76779
The organization I work for, emphasizes productivity and efficiency.	4.4796	0.78092
Valid N (listwise)		

The aforementioned tables entail the descriptive statistics of organisational culture of UK SMEs. These include group, developmental, and rational culture. All of these types of OC were demonstrated in terms of their mean and standard deviations. Table 1, high mean value (4.2) suggests that SME employees agree that group culture is preferred in their firm. Likewise, majority of the employees agreed that their firms focus on the change and improvement (4.00). Also, employees’ needs of training to tackle the uncertain situations is acknowledged (mean value=4.14). Besides, respondents also highly agreed that their firms have adopted the ‘speed to market’ behaviour and stress on goal-oriented culture as the mean value is close to 5 on these statements (i.e. 4.54 and 4.55 respectively).

Table 4. Descriptive Statistics

	Mean	Std. Deviation
Firm's proactiveness		
Employees have a “goal-oriented” attitude.	4.0357	1.06879
Employees are driven by goal achievement	3.6173	1.05806
Employees make efforts to be the first to propose new ideas for the product or service	3.8010	1.09366
Employees have a “future-oriented” attitude.	3.5918	1.00089
Employees make efforts to anticipate future threats and opportunities	3.5816	1.07583
Employees demonstrate a high commitment to finding ways to proactively discover and exploit the available market opportunities	4.4949	0.74763
Valid N (listwise)		

Table 5. Descriptive Statistics

	Mean	Std. Deviation
Firm's Innovativeness		
Employees at my workplace think in novel ways	4.1020	1.05237
Employees are driven by creativity and innovation	3.8827	1.09615
Employees are committed to bringing innovation in the products and the services.	3.8878	1.01661
Employees experiment with new ways of seeking novel solutions.	3.9592	1.06138
My organization has successfully introduced a good number of innovative products or services in the past.	4.4949	0.74763
Valid N (listwise)		

Table 6. Descriptive Statistics

	Mean	Std. Deviation
Firm's Risk-Taking Behaviour		
The managers and employees focus on continuous evolvement and change.	4.0102	0.85329
Employees are willing to take risks and invest their efforts in exploring new ways.	4.0408	0.99143
Employees have a high tolerance for uncertainty.	4.1786	0.98384
In the past, our management has taken risky decisions and worked on high-risk projects.	3.9184	0.91342
In an uncertain situation, employees patiently look for opportunities that can be exploited for the advantage of the organization.	3.8776	1.07908
Valid N (listwise)		

Furthermore, descriptive analysis EO dimensions including proactiveness, innovativeness, and risk-taking behaviour. The variable of proactiveness demonstrated that employees are highly committed to discovering and reaping benefits from market opportunities as the mean value was (4.49). Since rational culture is success-oriented and therefore, stresses the pro-activeness of employees (Acar and Acar, 2014). Also, the respondents emphasised that their respective SMEs greatly focus on innovating their obsolete products and services. This depicts the inclination of SMEs towards innovativeness with mean value (4.49). Besides, respondents were willing to invest their efforts in finding new ways of working (4.04) and possess increased tolerance towards uncertain business situations (4.17). This shows that SMEs that adopt the developmental culture, their employees are highly tolerant of uncertainty.

Correlation

A correlation was examined between the proposed study variables using Pearson coefficient correlation. This assisted in investigating the relationship of group, developmental, and rational culture on innovativeness, proactiveness, as well as on risk-taking behaviour of SMEs operating in UK (see Table 7).

Table 7. Correlations

		Group Culture	Developmental Culture	Rational Culture	Firm's proactiveness	Firm's Innovativeness	Firm's Risk-Taking Behaviour
Group Culture	Pearson Correlation	1	0.086	0.106	.499**	.592**	.497**
	Sig. (2-tailed)		0.231	0.138	0.000	0.000	0.000
	N	196	196	196	196	196	196
Developmental Culture	Pearson Correlation	0.086	1	.142*	0.076	.318**	0.121
	Sig. (2-tailed)	0.231		0.047	0.290	0.000	0.091
	N	196	196	196	196	196	196
Rational Culture	Pearson Correlation	0.106	.142*	1	.211**	.211**	0.128
	Sig. (2-tailed)	0.138	0.047		0.003	0.003	0.075
	N	196	196	196	196	196	196
Firm's proactiveness	Pearson Correlation	.499**	0.076	.211**	1	.514**	.347**
	Sig. (2-tailed)	0.000	0.290	0.003		0.000	0.000
	N	196	196	196	196	196	196
Firm's Innovativeness	Pearson Correlation	.592**	.318**	.211**	.514**	1	.451**
	Sig. (2-tailed)	0.000	0.000	0.003	0.000		0.000
	N	196	196	196	196	196	196
Firm's Risk-Taking Behavior	Pearson Correlation	.497**	0.121	0.128	.347**	.451**	1
	Sig. (2-tailed)	0.000	0.091	0.075	0.000	0.000	
	N	196	196	196	196	196	196

** . At the 0.01 level (2-tailed), Correlation is significant

* . At the 0.05 level (2-tailed), Correlation is significant

* . At the 0.1 level (2-tailed), Correlation is significant

Table 7 indicates the significant relationship between group culture and proactiveness of SMEs as the correlation value was found to be (0.499) at 0.01 level. Also, a significant and strong positive correlation (0.592) was observed between group culture and the innovativeness of firms. Findings demonstrated that there exists a moderate and positive relationship between group culture and risk-taking behaviour of SMEs (0.497). The study of Brettel et al. (2014) has also affirmed the positive impact of group culture in enhancing the proactiveness of SMEs. This is because group culture put great emphasis on the human relations and employee morale that improves the concern and affiliation of employees with organisation. This consequently improves employee participation and enhances the sharing of creative and innovative ideas (del Rosario, Patricia, and René, 2017). However, the relationship between rational culture and proactiveness is weak with the correlation value (0.211) at level 0.01.

Furthermore, the correlation value of (0.211) indicates the weak and positive correlation between rational culture and firms' innovativeness. Besides, even rational culture was found to be weak with the risk-taking behaviour of SMEs (0.128 at level 0.1). Furthermore, Anderson, Schüldt, and Åstrand (2018) argue that rational culture is perceived to be result-oriented, firms stay focused on external factors to sustain their competitiveness by leveraging from proactive behaviour. Additionally, developmental culture was observed to have a significant association with the innovativeness of firms (correlation value= 0.318). Linnenluecke and Griffiths (2010) proclaimed that since the developmental culture is guided by open system values that foster innovation in SMEs and thereby, improving market growth. Whereas developmental culture tends to have weak correlation (0.12 at 0.1 level) with risk-taking behaviour of SMEs. Also, SMEs that prefer developmental culture prefer creativity and flexibility to adapt to market changes (Tong and Arvey, 2015). Furthermore, since SMEs need to sustain their survival, such firms tend to invest in risky ventures and thereby, risk-taking behaviour is common in SMEs.

Regression

Table 8. Regression Results				
	Model 1	Model 2	Model 3	
R Square	0.27	0.44	0.26	
F	24.21	49.40	49.40	
Sig.	.000b	.000b	.000b	
<u>Group Culture</u>				
B	0.51	0.60	0.47	
Sig.	0.00	0.00	0.00	
<u>Developmental Culture</u>				
B	0.01	0.31	0.08	
Sig.	0.85	0.00	0.27	
<u>Rational Culture</u>				
B	0.22	0.16	0.08	
Sig.	0.01	0.04	0.30	

Table 8 demonstrates the entire regression model predicting that independent variable organisation culture and its types group, rational and developmental culture has significant and positive influence on the dependent variables including proactiveness (model 1), innovativeness (model 2), and risk-taking behaviour (model 3) of SMEs in the UK at level 0.01 and 0.1. Furthermore, a strong and significant impact of group culture was found on the dependent variables of model 1, 2, and 3. However, developmental culture had significant influence on innovativeness of SMEs irrespective of the proactiveness and risk-taking behaviour of SMEs. Besides, rational culture was found to be significantly correlated with proactiveness. On the whole, F-test predicts that overall

model is significant at 0.01 level confirming the combined impact of independent variable (organisational culture) on dependent variables (innovation, proactive and risk-taking behaviour of SMEs).

Conclusion

In summary, the core purpose of the current research was to investigate the impact of organisational culture on the EO dimensions like proactiveness, innovativeness, and risk-taking aspects of SMEs. It is to be noted that organisational culture is identified as the managerial predecessor of SMEs. To achieve the research aim, this study examined the influence of different types of organisational culture on the three key EO dimensions. It was found that different types of OC influence EO dimensions differently. The vital finding of the study is that organizational cultures have substantial influence in improving the proactiveness, innovativeness, and risk-taking behaviour. Also, the external and internal orientation are both essential for SMEs to leverage from the anticipated market opportunities while focusing on the internal human capital and other resources of organisation. Contrastingly, the mere focus on external factors can be fatal for SMEs and their survival. Similarly, this stance is also valid for firms that solely emphasise on their internal environment and avoid uncertainty and risk-related behaviours. This is due to the fact that intensive focus on internal factors might hinder the firm's ability to evaluate the changing market situations and external market risks.

On the basis of the significant influence of OC on SMEs, a quantitative approach was adopted to examine the statistical relationship between organisational culture and proactiveness, risk-taking, and innovativeness of SMEs in the UK. Primary data was gathered through survey method from the employees working in SMEs. For the data analysis, techniques of data analysis including descriptive statistics, correlation, as well as regression were employed. Findings revealed that independent (OC) and dependent variables (proactiveness, innovativeness, and risk-taking behaviour of SMEs) are positively correlated. Regression analysis revealed that group culture has significant impact on the EO dimensions of SMEs. Thus, highlighting the implication of the study, it can be said that group culture promotes trust and collaboration among employees, managers of SMEs can ease the knowledge exchange within firm to foster innovativeness. Also, rational culture was found to enhance the risk-taking behaviour of SMEs as employees are goal-oriented and are not hesitant towards uncertain business situations. Such employees are motivated and strive to rationalise the association between innovativeness and risk-taking ventures by integrating their mutual efforts.

Furthermore, group culture ensures the increased loyal and high level of trust among employees. This mutual trust consequently boosts the collaboration among workers and enhance the exchange of knowledge that improves the firm's performance. Of significance, in firms wherein employees have elevated levels of collaboration, their confidence in risk-taking behaviour is high. Albeit this research has contributed to highlighting valuable insights about organisational culture, certain limitations exist that should be considered in future research. For instance, this study has merely studied SMEs operating in UK. However, to examine the global trends with respect to organisational culture, data should be collected from SMEs of other countries. Furthermore, the researcher has merely included the three types of organisational culture, in prospect research, impact of other types should be included as independent variables. Also, quantitative method of research was selected, it is suggested to integrate the qualitative method to gain detailed insights of SME managers regarding their managerial practices in sustaining the organisational culture.

Area of Improvement

The present research although has successfully accomplished its objectives, nevertheless certain areas need to be emphasised more for further improvement such as how organisational culture can be improved, the strategies

needed for improving organisational culture and the impact of organisational culture on employee performance and satisfaction. By emphasising on these aspects in further research will help determine a comprehensive overview regarding the impact of organisational culture on different areas related to SMEs.

Besides, the research needs to emphasize core competencies in the process of organisational work to have more efficiency and effectiveness. In this regard, problem-solving, interpersonal relationship, marketing strategy, and effective financial management are some of the few competencies which need to be considered by the SMEs.

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