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The Effect of Entrepreneurial Culture on the Organizational Competitiveness: A Survey of Registered SMES in Eldoret Municipality

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***Abstract*— During challenging and difficult times, for organizations and employees to achieve competitiveness greater sense of career resiliency, balance, purpose and meaningfulness remains imperative. It is appropriate to reflect on how organizations can impact on people accordingly through their management and employment practices so as to have a positive impact on organizational results and competitiveness. New business conditions demand fundamental and constant transformation of the way in which firms operate in order to find new sources of sustainable competitive advantage, which is based on developing internal capacity for continuous innovation of products, services, technologies, organizations, markets, and processes. Up to 25% of all registered SMEs in Kenya lack entrepreneurial people who would drive the firms to innovation and as a result boost the small businesses' competitiveness in the market. The study established that market share is the most important metric that marketers can use in order to judge the competitiveness of an organization. Entrepreneurs not only identify economic opportunities, but also seek resources to develop these opportunities. Entrepreneurs often engage in risk taking initiatives to utilize an opportunity with fewer resources than other decision makers can visualize will prove adequate. The article made the following research recommendations, that the organization should enact policies to ensure entrepreneurs become resilient to existing cultures of the organization and that the organization should enhance it's after sale services in order to promote it as a source of competitive advantage.**

***Index Terms*— Entrepreneurial Culture, Organizational Competitiveness.**

I. Introduction

According to Michael (2004), organizational competitiveness refers to the aggressiveness of an organization in the market relative to other organizations that offer similar products or services, hence, competitiveness is an important factor in determining whether a firm thrives, barely gets by, or fails. Companies must be competitive to sell their goods and services in the marketplace. Business organizations compete through some combination of their marketing and operational functions such as marketing which influences competitiveness in identifying consumer wants and needs, pricing, advertising and promotion; operations has an influence on competitiveness through product and service design, cost, location, quality, response time, flexibility, inventory and supply chain management and service.

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Productivity also influences an organization's competitiveness in that it is an index that measures output of goods and services relative to the input i.e. labour, materials, energy and other resources used to produce it. It is usually expressed as the ratio of output to input (Chaudhri, 2001).

Competition is essential for increasing the potential of an economy to be competitive globally which compels organizations to explore new ways to increase their efficiency by extending their international reach to new markets. Globalization has opened vast opportunities as well as challenges of fierce competition in developing economies. Survival and growth in such an environment require comprehending global competitiveness. Since globalization has transformed and opened up the world as a market place for us, be it for products, people or financial resources, so to capitalize on this opportunity, organizations have to be moulded to become globally competitive. A central issue in the economic debate on competitiveness is the creation of efficient industrial capacity in developing countries to cope with more intense global competition. This has drawn attention to mechanisms of technological advancement in developing economies, which lie behind international technological frontiers (Blackburn, 2001).

Competitiveness is, according to Corbett, (2003), a multidimensional model in the sense that being competitive, requires superiority in several aspects. An organization competes through creating the policy framework that encourages and enables its management to constantly upgrade themselves and keep on progressing their productivity and enhancing the competitiveness while pursuing competitive strategies for successful participation in the international markets. In order to accomplish competitiveness, an organization should delve into the entrepreneurial potential of its employees to foster an entrepreneurial culture that ensures maximized profitability for the firms overtime (Stanton, 2004).

Entrepreneurial culture refers to the capability of humans to change and create new ways of making a living and/or creating a new business entity as stated by Ackoff, L. R. Russel L. (2001). Entrepreneurial culture is not just pertinent to business-minded people contemplating to start their own businesses. It is just as relevant to persons who aim to seek employment with large companies or, indeed, are going to set foot in the public service, Non-Governmental Organizations and other organizations. In a firm's growth, innovation and the creation of opportunities and relationships provide a prime environment for cultural evolution. Growth in human resources, facilities and responsibilities test the resiliency of the existing culture. Innovation presents new ways of doing things and new challenges that can strain culture. Changing opportunities and relationships among customers, suppliers, partners, and competitor scan induces cultural shifts.

A strong entrepreneurial culture is the foundation of a dynamic economy. It mirrors how a country's society supports the ideas and initiatives of entrepreneurs and how it can direct young people toward a career in business by enhancing their skills. A well-built entrepreneurial culture means there is less off a stigma associated with failure and recognizes the crucial role of entrepreneurs in creating new jobs. An organization's entrepreneurial culture depends on a variety of factors. Perhaps the most important is it serves as a seedbed for innovation. These cultures foment innovation in ideas, services, products and technologies. They typically attribute a high quality of research and offer pathways for situating novel ideas to sensible use. They promote entrepreneurial activity and present exciting possibilities to those following a career in entrepreneurship (Cameron, 2008).

Entrepreneurship is not an inborn skill; it is a product of the environment. It involves a complex of economic and social behaviour (Bai, 2010). To be successful, an entrepreneur has to remain dynamic and accountable to the whole environment. Entrepreneurship can hardly survive under any given circumstances. It can flourish only under the right environment. It is a part of the total system. The social values, culture, government policies, political system, technology, economic conditions, customs, laws, etc. influence the growth of entrepreneurship. In fact, the entrepreneurship cannot be kept aloof from the changing social values, ideologies, new emerging aspirations, environmental pressures, religious beliefs, consumer wants and society needs etc. Business is a system made up of certain environmental factors which require the entrepreneur to adopt a vibrant attitude and a new strategy of their own (Terry, 2000).

Acknowledging entrepreneurial culture is important, not only to the theoretical understanding of entrepreneurship, but also to entrepreneurship as a practical enterprise, which can provide new and fresh ideas of entrepreneurship, by looking at innovative business behaviour in other times, in erstwhile societies and in other cultures and also by looking at entrepreneurship from novel angles and a much wider perspective. Culture is of great importance to entrepreneurship, because it determines the ethos of people, trains people along particular lines and creates distinctions. It also conveys a sense of identity, enhances social system stability, creates people enterprising and risk bearers. It as well determines goods and services. The understanding of culture enables the entrepreneur to skilfully manipulate the cultural codes of their society, balancing between the permissible and the profane, tugging moral codes into a new conformation (Werbach, 2011).

The entrepreneur's ability to read opportunities cannot be due to isolation or separateness, but is rather due to a higher degree of sensitivity to what others are looking for. And it is culture that gives pre-direction to the entrepreneur's vision, enabling them to read certain things. They can pick up the sense of where their fellows in the culture stand, what values they adhere to, purposes they pursue, what they consider beautiful and deem profane. The entrepreneur's ability to move ahead with confidence, their struggle to turn setbacks into opportunities, to advance and survive in the business world is the knowledge and instinct that comes from experience gathered in a particular cultural milieu (Hill, 2000)

Sociologists akin to Max Weber argue that entrepreneurship is most likely to emerge under a specific social culture. According to them, social sanctions, cultural values and role expectations are accountable for the emergence of entrepreneurship. For most researchers, modern entrepreneurship is a distinctly new variant of a timeless species created and sustained by culture and creativity at the same time. Some cultures are enormously supportive of entrepreneurship; indeed to the point where entrepreneurship develops its own culture, such as in Hong Kong. Others (such as Communist Countries) regard the entrepreneurial way of life with suspicion. The disparities go a long way towards explaining why some societies are vibrant and progressive, while others stagnate. Religion/ caste and family influences greatly determine entrepreneurial culture. Some religions are found to be conducive to entrepreneurship, while others inhibit entrepreneurship. Religious beliefs produce intensive exertion in occupational pursuits, the systematic ordering of means to an end and the accumulation of assets. It is these beliefs and the caste system that are found to influence the propensity to become an entrepreneur (Dyke, 2002)

II. Statement of the Problem

Very few, if any (up to 25%) of all registered SMEs in Kenya lack entrepreneurial individuals who would drive the firms to innovation and as a result boost the small businesses' competitiveness in the market. According to Ouma (2002), seldom do SME business owners in Kenya create a favourable framework for promoting fresh entrepreneurial culture; neither do they seek for skills and knowledge to turn ideas into new businesses. On the same note, a diminutive number of Kenyan youth with prospective entrepreneurial talents dearth the mentorship of those already in business, hence they end up not being business-oriented and this exterminates the spirit of competitiveness of this nation in the economic and globalization perspective. Some SME owners repress their employees' entrepreneurial creativity and innovation leading to diminishing market competitiveness of the products from these firms.

In an ideal situation, innovation within SME's needs entrepreneurial folks. One of the operators of these enterprises main objectives should therefore be to create favourable frameworks for promoting a fresh entrepreneurial culture in the firm. Through its business-oriented approach as well as through its educational component, the said SMEs management will help to instruct a new generation of entrepreneurs, who have the right skills and knowledge to turn ideas into new business opportunities. Entrepreneurial cultures are a meritocracy where achievement and talent

drive success and where internal contests of creativity and intelligence are very much in evidence. The best ideas win in an entrepreneurial culture, regardless of employee status or tenure. One of the features is the constant state of change in which employees not only work, but also thrive. Leaders in an entrepreneurial culture of an organization tend to be driven by a sense of adventure and they value employee's creativity. They often stand out competitively at keeping the competition high to employee productivity and the creation of new ideas. Although opportunities to increase the SME's competitiveness exist, the nature of competitiveness in the market is still quantitatively minimal in terms of establishing a thriving culture of entrepreneurship. This raises the question as to whether entrepreneurs encourage the growth of entrepreneurial culture in their organizations. Research on this aspect of business has not been extensive necessitating the undertaking of this study. This study therefore aims at looking critically at this aspect by analyzing the effects of entrepreneurial culture on organizational competitiveness, and suggesting recommendations that are applicable for further research and possible solutions in future.

III. Significance of the Study

Operators of registered SMEs will gain as a result of the study as they will employ the findings from this study to gauge the entrepreneurial culture situation of their business entities. It will as well assist the management of the concerned SME's to make out ways on how to best come up with entrepreneurial ideas either from their staff, other SME business owners or from potential youth entrepreneurs. The study will furnish the Kenyan government within sight on how important it is to restructure the systems through which entrepreneurial culture among the Kenyan populace can be tapped and converted to productive economic powerhouses. The study will as well lend a hand to other students towards understanding the effects of entrepreneurial culture on organizational competitiveness of SMEs in that from the study the researcher will have the relevant information pertaining to this topic. The researcher, at the end of the study will also have some good insight into the unabridged area of entrepreneurship in relation to competitiveness in the market. They will have the relevant information to include in their literature review in order to make the research process simple, less time consuming and relevant.

IV. Theoretical Review

Porter's Competitive Advantage Theory: This theory was developed by Michael Porter (1996) and states that competitive advantage (CA) is a position that a firm occupies in its competitive landscape. Michael Porter, (1996) posits that a competitive advantage, sustainable or not, exists when a company makes economic rents, which is, their earnings exceed their costs (including cost of capital). That signifies that normal competitive pressures are not able to drive down the firm's earnings to the point where they cover all costs and just provide minimum sufficient additional return to keep capital invested. Most forms of competitive advantage cannot be sustained for any length of time because the promise of economic rents drives competitors to duplicate the competitive advantage held by any one firm.

A firm possesses a Sustainable Competitive Advantage (SCA) when it has value-creating processes and positions that cannot be duplicated or imitated by other firms that lead in the production of above normal rents. An SCA is dissimilar from a competitive advantage (CA) in the sense that it provides a long-term advantage that is not easily replicated. But these above-normal rents can attract new entrants who drive down economic rents. A CA is a position a firm attains that lead to above-normal rents or a superior financial performance. The processes and positions that engender such a position are not necessarily non-duplicable or inimitable. Analysis of the factors of profitability is the subject of numerous theories of strategy including the five forces model pioneered by Michael Porter (1996).

In marketing and strategic management, sustainable competitive advantage is an advantage that one firm has relative to competing firms. The source of the advantage can be something the company does that is distinctive and tough to replicate, also known as a core competency, for example Procter and Gamble's ability to derive superior consumer insights and implement them in managing its brand portfolio. It can also be an asset such as a brand (e.g. Coca Cola) or a patent. It can also simply be a result of the industry's cost structures for example; the large fixed costs that tend to create natural monopolies in utility industries. To be sustainable, the competitive advantage must be: distinctive, and proprietary, (Roach, 1998).

In the past decades, IT is becoming more and more important. The internet plays a key role in today's world and not forgetting in businesses. The ability to effectively manage information helps organizations deal with changes in the environment, which can result in a competitive advantage over other firms. An example of gaining competitive advantage is where organizations make information available for each other in an efficient way in order to reduce all hitches of purchasing, marketing and distribution (Ross, 1998). Smith (2006) authored Creating Competitive Advantage (Doubleday). This manuscript outlines how companies fail to understand their own existing competitive advantages and use them in sales/marketing. The authour provides a framework for how companies can appraise their own operations and develop competitive advantage/competitive positioning statements to better hone their sales/marketing messages. Competitive advantage assertions help distinguish companies by highlighting what they offer to the customer using tangible terms and concepts. The next step is to test those CA statements through independent market research. This allows a company to understand their customers' hierarchy of buying criteria in an objective independent context.

From there, companies can tailor their CA statements to speak directly to the buying interests of the customer (Senge, 2001). A company is said to have a competitive advantage over its rivals when its profitability is greater than the average profitability of all other companies competing for the same set of customers and has a sustained competitive advantage when its strategies permits it to maintain above-average profitability for a number of years. Competitive advantages vary from situation to situation and from time to time. Some basic examples of CAs can be divided in four main global areas: cost i.e. Low-cost operations; quality, high and consistent quality, time for instance delivery speed and flexibility which entails customization, volume flexibility and variety, (Senge, 2001).

V. Methodology

Sampling technique The sample size is an important feature of any empirical study in which the objective is to make inferences about a population from a sample. The sample size used in a study is determined based on the expense of data collection, and the need to have sufficient statistical power. The research used a sample size of 30% from the selected respondents selected from the target population as recommended by Patton (2006). Neuman (2005) argues that, the main factor considered in determining the sample size is the need to keep it manageable enough. The study will therefore employ a sample size of 45 entrepreneurs from the identified 150.

Research Design: Oliver (2006) defines research design as all pragmatic aspects of the way the research will be carried out. According to Kothari (2008) the research design is the conceptual structure within which research is conducted, it constitutes blue print for collection, measurement and collection of data. The study employed a survey research design. Survey research design seeks to collect data from different targeted SMEs and also collect the data without manipulating the research variables or the respondents.

Research Instrument: The questionnaires were employed to seek for responses from respondents based on the research objectives. Questionnaires were administered to all respondents to assist the researcher get their opinions on the effects of entrepreneurial culture on organizational competitiveness. In developing the questionnaire items, the fixed choice and open-ended formats of the item were used. This layout was used in all categories of the questionnaires. However, in the fixed choice item, it normally involves 'putting words' in the respondents' mouth, especially when providing acceptable answers, there is temptation to avoid serious thinking on the part of the respondent. The respondent ends up choosing the easiest alternative and provides fewer opportunities for self-expression. It is because of these reasons that it will be necessary to combine this format of items with a few open – ended response items. Most of the items will adopt a Lickert scale (1-strongly disagree, 2-disagree, 3-undecided, 4-agree, 5-strongly agree). Section A of the questionnaire contained demographical data which entails age, gender and years worked in the SME while section B will contain employees' perception on various effects of entrepreneurial culture as an antecedent to organizational competitiveness.

VI. Results

From the analysis 88% were on the opinion that entrepreneurs are keen to create new opportunities to grow the SMEs, 84% supported the statement that all entrepreneurs extend an operation strategy to guide their functioning, 78% agreed that entrepreneurs are strict to develop responsibilities in the functioning of employees, while 66% said entrepreneurs are resilient to existing cultures. This means that entrepreneurs running the SME's selected have established their businesses with an aim of serving a given market need. They recognize that for an SME to be successful then they need the to establish an SME by identifying the existing market opportunities so that they end up being successful not only in the short term but also in the long run. The fact that a majority of the respondents noted that they require an operations strategy can also be interpreted to mean that most entrepreneurs are knowledgeable and organized hence know what they need to do to be successful.

According to Enzel (2010), entrepreneurs identify business opportunities to create and deliver value for stakeholders in prospective ventures. While elements of opportunities may be recognized, opportunities are made, not found. Careful investigation of and sensitivity to market needs and as well as an ability to spot suboptimal deployment of resources may help an entrepreneur begin to develop an opportunity. But opportunity development also involves entrepreneurs' creative work. The creation of successful businesses follows a successful opportunity development process. This includes recognition of an opportunity, its evaluation, and development phase. The development process is cyclical and iterative: an entrepreneur is likely to conduct evaluations several times at different stages of development. Evaluation could also lead to recognition of additional opportunities or adjustments to the initial vision spotting and selecting the right opportunities for new businesses are among the most important abilities of a successful entrepreneur (Stevenson et al., 1985).

Further, 92% of the respondents opined that SMEs assess their competitiveness through market share that they dominate, (90%) quality production is the key tool to obtain competitive advantage, (82%) continued improvement has for long been used to develop a competitive edge, (74%) cost leadership has for long been regarded by entrepreneurs as being fundamental in achievement of a competitive edge, while (64%) presumed that after sale services are a core source of competitive advantage. This can be interpreted to mean that the role of market share in managing business enterprises as a key aspect in determining the competitive advantage is key for entrepreneurs because it supersedes all other aspects including cost and quality. It can be used as a unique way of determining if the company is doing the right thing in terms of its operational and production processes. Market share is used to determine if the service quality offered by an SME to its client is sufficient as other factors including cost and quality are mainly market based.

VII. Conclusion

This means that entrepreneurs running the SME's selected have established their businesses with an aim of serving a given market need. They recognize that for an SME to be successful then they need the to establish an SME by identifying the existing market opportunities so that they end up being successful not only in the short term but also in the long run. The actuality that a majority of the respondents noted that they require an operations strategy can also be interpreted to mean that most entrepreneurs are knowledgeable and organized hence know what they require to do to be successful.

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