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Original Article

The Effect of Entrepreneurial Culture on Financial Performance. Evidence from Manufacturing SMEs in Mutare Nyakamete

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Keywords:

*Entrepreneurial
Culture,
Creativity,
Innovation,
Risk,
Small to Medium-
sized Enterprises
(SMEs).*

The research aimed at investigating the influence of entrepreneurial culture on the financial performance of SMEs as measured by return on investment (ROI). The objectives of the research were to identify elements of entrepreneurial culture, and factors promoting institutionalising entrepreneurial culture, establish reasons inhibiting institutionalising entrepreneurial culture in manufacturing SMEs and examine the association between entrepreneurial culture and financial performance in manufacturing SMEs. A mixed method research strategy which blends quantitative and qualitative research design was used. Data was collected from a sample of 61 participants using questionnaires and interviews as data collection instruments. Descriptive statistics and inferential statistics analysis tools were employed. Data analysis and presentation employed the convenience of MS Excel packages. The research investigation found that the level of education of most manufacturing SMEs in the Mutare Nyakamete industrial zone is commensurate with the minimum requirements necessary for the adoption of an entrepreneurial culture, manufacturing SMEs in Mutare are aware of the critical constituent entrepreneurial culture elements to be embedded in their organisational culture, appreciate and understand the factors which promote institutionalisation of entrepreneurial culture. Further, manufacturing SMEs in Mutare admit that they have no strategy for incorporating entrepreneurial culture in their organisations, face many limitations which need to be addressed if they decide to institutionalise entrepreneurial culture in their organisations and lastly deliberate incorporation of entrepreneurship culture in manufacturing SMEs in Mutare will improve profitability of these firms and value for money for all its stakeholders. The study recommended training organisational members in strategy formulation and organisational behaviour, setting the right tone at the top management level of SMEs, rewarding workers for innovations, setting up research and development policies and considering introducing share ownership schemes for employees so that they develop a sense of ownership for their employer organisations. It also recommended that the government should create conducive entrepreneurial culture environment by incentivising innovations using fiscal policy statements and statutory instruments.

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INTRODUCTION

Creativity, innovation and an unparalleled work ethic are the major driving elements of entrepreneurship culture behind SMEs' growth. In the United States of America, entrepreneurial SMEs produce thirteen to fourteen patents per employee than their larger rivals (Scarborough, 2013). This disparity is accounted for because entrepreneurial culture is more pronounced in SMEs than in large firms. Small firms also produce more economically and technically important innovations than larger firms. Entrepreneurs are more creative and innovative to solve problems and exploit opportunities that people face every day. In the United States of America (USA), entrepreneurialism and entrepreneurial culture are synonymous with SMEs mainly because it is the cradle of many of these SMEs some of which have even grown to become large corporations (Damise, 2022). Large firms might command more attention in terms of employment creation but SMEs due to their enterprising culture employ more people and are more resilient when times get tough (Damise, 2022). Not only are SMEs and entrepreneurial culture in general driving the U.S. economy, but they also keep the American dream alive. According

to the U.S. Small Business Association (SBA), small businesses of 500 employees or fewer make up 99.9% of all U.S. businesses and 99.7% of firms with paid employees. Of the new jobs created between 1995 and 2020, small businesses accounted for 62%—12.7 million compared to 7.9 million by large enterprises (Damise, 2022). A 2019 SBA report found that small businesses accounted for 44% of U.S. economic activity. (Damise, 2022).

In the Asian nations, entrepreneurial culture is the driving force behind Small and medium-sized enterprises (SMEs) particularly in the Association of South East Asian Nations (ASEAN) countries. This enterprising sector constitutes more than 96% of all Asian businesses, providing two out of three private-sector jobs on the continent (Yoshino & Taghizadeh-Hesary, 2018). The ASEAN economic block continues to be a major global economic player mainly because it has successfully inculcated entrepreneurial culture in its business particularly the SME sector (Pratama, 2019). Combined the ASEA economic block contributed a GDP of US\$2.7 billion (3.5 % of the world GDP) in 2017, and the ASEAN economy is expected to grow by over 5% per year and become the fourth largest economy in the world by 2030. (Pratama, 2019).

In the Middle East and North Africa (MENA), in a study conducted by Mahmoud and Shreteh (2021), the empirical findings confirmed that there is a positive association between entrepreneurship and economic growth. Furthermore, the findings emphasize that entrepreneurship culture promotes economic growth (Mahmoud and Shreteh, 2021). The researchers recommended that policymakers should identify and implement the most effective measures to remove the macroeconomic barriers that entrepreneurs encounter (Mahmoud and Shreteh, 2021). They should also package policies in a way that stimulates innovative entrepreneurial activities and enterprises (Mahmoud and Shreteh, 2021). MENA countries include Algeria, Egypt, Jordan, Lebanon, Morocco, Palestine, Tunisia, and Turkey.

In a study carried out for BRICS (Brazil, Russia, India, China and South Africa), Rani (2021) revealed that entrepreneurialism has a constructive and noteworthy impact on economic growth in BRICS nations. However, the research was quick to note that an entrepreneurial ecosystem is required within each country to sustain novel, dynamic and swiftly mounting new ventures (Rani, 2021). In Sub-Saharan Africa entrepreneurial culture in SMEs and large firms also to a greater extent contributed to job creation and employment (Ramachandran et al., 1999). The average annual growth rate of employment for entrepreneurial firms varies between 6.8% for Tanzania to 12.4% for Zimbabwe. (Ramachandran et al., 1999). In Zimbabwe, entrepreneurship is also important for women's empowerment. The percentage of entrepreneurship firms owned by women is lowest in Tanzania at 7.1% and highest in Zimbabwe at 19.4%. (Ramachandran et al., 1999).

In Africa, Dangote has managed to establish the Dangote group of companies in Nigeria and several African states (Fox Business, 2021). The Nigerian business mogul is into cement manufacturing, sugar refinery and car assembling. Zimbabwe has its prominent entrepreneur Strive Masiyiwa who

established Econet Holdings in 1998 (Fox Business, 2021). Today key businesses that were established by Masiyiwa with partners included Econet Wireless International, Econet Global, Mascom Wireless Botswana, Airtel Nigeria, Econet Satellite Services, Lesotho Telecom, Econet Wireless Burundi, Rwanda Telecom, Econet Wireless South Africa, Solarway, and Transaction Processing Systems (TPS) (Fox Business, 2021).

The common factor among these successful business people is that they have managed to inculcate an entrepreneurial culture in their business which includes, creativity, innovation, and a culture of hardworking, calculative risk-takers, among other qualities. Realisation of entrepreneurialism outcomes has always been a challenge (Yoshino & Taghizadeh-Hesary, 2018). Agents of entrepreneurialism are individuals and institutions. In ASEAN countries entrepreneurs in the form of institutions and individuals particularly SMEs face tremendous challenges in accessing finance (Yoshino et al 2018).

Despite the economic importance of entrepreneurial culture, a critical analysis of the studies conducted so far reveals that research attention focused in most of the circumstances on developed economies leaving the crucial economies of emerging and developing countries particularly in Africa (Peprah & Adekoya, 2020). Kim et al. (2022) contend that entrepreneurship as an activity of running a business contributes tremendously to economic growth and development. Entrepreneurs contribute significantly to entrepreneurial culture components of creativity, innovation and unparalleled work ethic. (Kim et al 2022). However, they were quick to note that there is no statistically significant link between total entrepreneurship and economic growth, but we do find significant links between growth and the interaction of sectoral shares and different types of entrepreneurship. For example, manufacturing entrepreneurialism was found to be positively correlated to GDP in advanced

economies. The positive correlation is attributable to technological innovations.

Statement of the Problem

In Zimbabwe, there is a glaring problem faced by manufacturing SMEs. Most of them collapse within the first five years of their existence. This is regardless of the entrepreneurialism portrayed by their founders, funding efforts done by the government and other promotional efforts. In addition, SMEs which graduate beyond the first five crucial years, very few will develop into large enterprises such as Econet (Maduekwe, 2015). This catastrophic failure rate is potentially attributable to the inability to appropriately harness the entrepreneurial culture within the founders into the institutions established.

This challenge of SMEs failing to graduate into long-lasting entities is further aggravated by sparse research driven to tap the entrepreneurial culture resident in founders and institutionalise it. Peprah & Adekoya, (2020) and Yoshino & Taghizadeh-Hesary, (2018). Are some of the research areas of SMEs in Zimbabwe which are biased towards credit accessibility, financial accounting and general management? Little research is devoted to entrepreneurial culture and organisational performance. The situation is equally worsened when founding directors fail to entrench entrepreneurialism in their organisations. It is behind this backdrop in research, the significant importance of SMEs and entrepreneurial culture to the growth of the Zimbabwean economy that the research is dedicated to unravelling the extent of the adoption of entrepreneurial culture in manufacturing SMEs in Nyakamete Mutare. The study also examined critical elements of entrepreneurial culture which influence the financial performance of manufacturing SMEs.

LITERATURE REVIEW

Theoretical Literature Review

To facilitate understanding of the influence of entrepreneurial culture on financial performance the researcher must scrutinise various philosophical views on entrepreneurialism. Whilst it is perceivable that there are plenty of theories which are equally important in gaining an in-depth comprehension of the impact of entrepreneurial culture on financial performance, this study finds the greatest value in the innovation theory, the theory of need for achievement and the theory of social change.

Innovation Theory.

The innovation theory is sometimes called the “Schumpeterian theory” since it was propounded by Joseph A. Schumpeter (1942). The theory is based on the assumption that entrepreneurs have a strong innate desire to establish their businesses. (Kim, Park, Jinjara, Quising, & Tian, 2022). They are also highly motivated to start something novel. Entrepreneurs take pleasure in being creative, and innovative and earning experiences of skills for doing various tasks (Kim et al., 2022). The Schumpeterian theory identified two important elements of entrepreneurial culture which are creativity and innovation. However, their connection with financial performance is not clear. Schumpeter (1942) and Baumol (1990) recognized the central role of entrepreneurship in economic growth and development. According to Schumpeter, entrepreneurship holds the key to economic growth and development (Kim, Park, Jinjara, Quising, & Tian, 2022). More precisely, he viewed innovative game-changing entrepreneurs as the main drivers of technological, societal, and human progress. Put differently, creative entrepreneurs are the catalysts of the never-ending process of creative destruction in which new products and technologies constantly drive out existing products and technologies (Kim et al., 2022). In the Schumpeterian framework,

entrepreneurship and innovation are inextricably linked with each other. Nonetheless, there is still little evidence on how the entrepreneurial culture elements of creativity, innovation, and risk-taking can be acculturated into organisational behaviour.

Theory of Need for Achievement

The need for achievement theory was developed by McClelland. He argues that the desire for high achievement for specific objectives drives entrepreneurial tendencies in individuals (Smit, Cronje, Brevis, & Vrba, 2013). But to achieve the best performance the entrepreneur should have sufficient capacity for imagination, thinking and developing new combinations. McClelland recognised that high feelings for achievement are capable of being inculcated into individuals to become successful entrepreneurs (Kim et al 2022). This appetite for achievement according to McClelland is the major factor in entrepreneurship development. Consequently, to harness entrepreneurship tenets into individuals, McClelland suggested conducting motivational training programs for the development of entrepreneurs.

Theory of Social Change by Everett Hagen

Hagen ascribed the genesis of entrepreneurship to the loss of respect status of an individual or group of people (Kim et al 2022). The loss of status triggers the desire to recover or maintain the status quo by engaging in entrepreneurialism. The loss of status unleashes creativity, and innovativeness, and triggers the risk appetite which was subconsciously lying idle in individuals and groups of people (Kim et al 2022). Once these elements of entrepreneurialism are unleashed, this will lead to spontaneous social transformation and economic development.

The assumption of Hagen to a considerable extent, explains the emergence, and growth of SMEs and the entrepreneurship revolution in Zimbabwe commencing in the 1990s and mainly triggered by the loss of formal employment due to Economic

Structural Adjustment Policies (ESAP). Many of the once-employed people lost their jobs through retrenchment and they ventured into small businesses to maintain their status and accidentally this exposed their entrepreneurial capabilities. Furthermore, many were prepared to take more risks in venturing into business during the last two decades as Zimbabwe was undergoing an economic meltdown triggered by the Accelerated Land Reform Programme of 2002 and subsequent sanctions by the USA, European Union (EU) and its allies.

The theory is praised mainly because it has also managed to identify the elements of entrepreneurialism which are creativity, innovation, risk appetite, need for high achievement to cover the gap left by the loss of status. The theory of Hagen is however blamed in that it lacks general application. It is not in all situations that the loss of status will always lead to entrepreneurialism. Different people respond differently to loss of status. The theory also ignores the various other factors accountable for the development of other factors. Furthermore, Hagen failed to articulate how the appetite for entrepreneurialism can be domesticated into organisational culture.

Elements of Entrepreneurial Culture.

The three theories of Schumpeter, McClelland and Hagen were successful in identifying the dominant elements of entrepreneurial culture. These elements are creativity, innovativeness, insatiable risk appetite, extraordinary appetite for achievement and hard work. Entrepreneurs take pleasure in being creative, and innovative and earning experiences of skills for doing various tasks (Schumpeter). McClelland (1974), argued that the major fundamental characteristic of enterprising individuals is the extraordinary appetite for achievement which he called the 'need for achievement'. McClelland suggested that individuals can be triggered and sustained to achieve more through motivation. Complementing both Schumpeter and McClelland, Hagen posits

that a much greater appetite to engage in entrepreneurialism is a result of a vacuum created by loss of status. The status vacuum could be a result of loss of employment, and remuneration erosion due to inflation, among other trigger factors. This loss of status will drive the individual to be brave to amass greater risk, work very hard, and become creative and innovative because such individuals have nothing to lose. In as far as these elements can be identified little is known as to the extent to which they can influence organisational financial performance. Furthermore, domesticating entrepreneurial culture elements into organisational seemingly has some obstacles judging from a few examples of SMEs who have successfully acculturated entrepreneurialism in their organisations.

Reasons for Inhibiting Institutionalising Entrepreneurial Culture

An extensive analysis and evaluation by Urbano et al. (2019) over the last two decades (1992-2016) revealed that institutional economic growth could be associated with entrepreneurship (Kim et al. 2022). This, however, opened up new research questions about which entrepreneurial elements and institutional factors can be accounted for in the economic growth of these enterprises. Baumol and Strom (2008) contend the relevance of appropriate institutions which are capable of attracting socially productive entrepreneurial activities. Urbano et al. (2019), however, contend that the expected growth and institutionalisation of entrepreneurial culture is retarded by institutional inhibiting factors. The study enumerated factors such as excessive government regulations, ambiguity in property rights and enforceability, and uncertainty in policies. The outcome of the study is consistent with the growth of a broader literature which claims organisational weaknesses as the primary fundamental cause of under-development (Acemoglu & Johnson, 2005; Henrekson & Sanandaji., 2011).

An emerging group of entrepreneurs known as "gazelles" in the business world account for most of the innovation and job growth, while the majority of entrepreneurs neither innovate nor create jobs (Damise, 2022). The capacity of an economy to create gazelles is mainly determined by institutional factors. According to a research study of over 36,000 enterprises in 17 Asian economies, strong property rights and the rule of law encourage entrepreneurs to formalize their businesses, and greater formalization is associated with greater innovation. (Damise, 2022). Consequently, the absence of stronger property rights and weak rule of law are impediments to institutionalising entrepreneurial culture.

In a similar study by Kanhaiya, (2022), conducted at a large public sector organization, findings of the inhibiting factors conform to the 7-S elements of the culture of sub-entrepreneurial organizations. These inhibiting factors include lack of ownership, non-encouraging senior-peer reactions towards risk-taking, moderate empowerment to introduce changes and marginalisation of strategically important functions like human resources development (HRD), Value Engineering and research and development.

Factors Promoting Institutionalising Entrepreneurial Culture.

The findings of a field survey conducted on large public sector organisations by Kanhaiya (2022) using McKenzie's 7-S strategic implementation model admit that problems associated with change management cannot be eradicated overnight, but entrepreneurial culture can be created through a dynamic, proactive style where the chief executive officer (CEO) is a change agent, with the highest possible mandate. It is crucial to embed entrepreneurship into the core values of the firm, have a Knowledge Management system (KMS), let people try their ideas for improvement, and keep the structure flat. (Kanhaiya, 2022). Cross-functional teams must be encouraged and members should be rotated intermittently. Having a tolerance for

ambiguity, training people to unlearn and exposing them to realities beyond their organizational boundaries are required. (Kanhaiya, 2022).

The findings contributed substantially to the body of knowledge, especially in exposing the factors associated with institutionalising entrepreneurial culture in large organisations. However, beyond that the study only focused on one large public organisation which has large structural differences particularly related to the organogram of public entities as opposed to SMEs. It is public knowledge that decisions are slow in public organisations due to bureaucracy. The researcher is also not sure if the application of the McKenzie 7 S model would work if applied to manufacturing SMEs. Consequently, this current study seeks to investigate whether the same inhibiting factors also affect the manufacturing SMEs in Mutare. In addition, the practicality of the McKenzie 7S model is to be tested in manufacturing SMEs.

In a similar study conducted on enterprises under the Greek Association of Entrepreneurship, Ioannidou (2019) annotated conditions responsible for establishing an Entrepreneurial Culture in

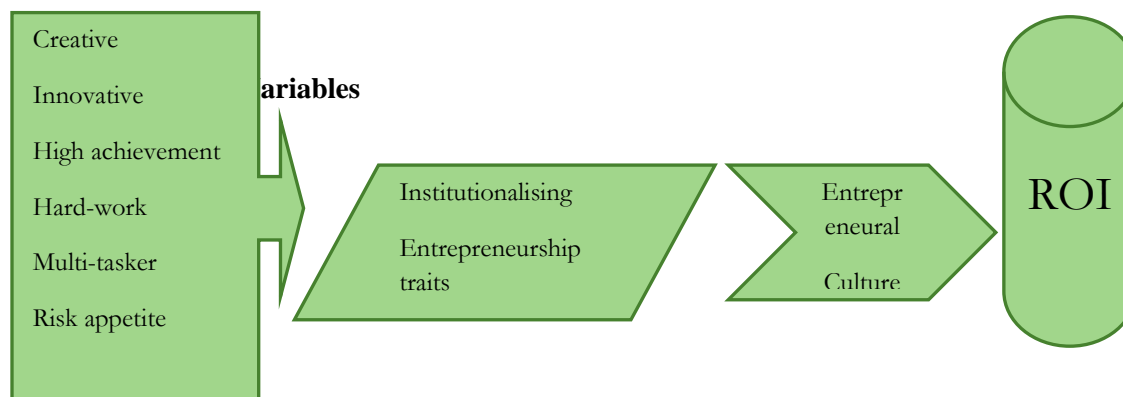
communities as, identification and promotion of Role Models, and introduction of entrepreneurship modules in the curriculum at different levels of education. The study also recommended the participation of political, business and religious leaders to promote entrepreneurship as a solution to current economic problems. (Ioannidou, 2019). The outcome of this study was very practical as far as indoctrinating entrepreneurial culture at the community level. Nonetheless, it is important to notice that this study was concerned with societal entrepreneurship culture transformation. It is, however, not clear whether the factors responsible for culture change are implementable at an organisational level such as the manufacturing SMEs. It is this inconclusive gap that this current research seeks to bridge.

Conceptual Framework

In light of the literature review and findings on selected key entrepreneurial culture theories and approaches as well as recent research papers, this study proposes the conceptual model illustrated below.

Figure 1: Conceptual Model 1

Independent Variables Dependent Variable



Source: (Researcher Developed, 2023)

Financial measures are the bedrock of measuring any business performance though non-financial measures like the balanced scorecard are equally important. Financial measures have been used by various types of businesses for strategic business intents. Financial measures provide fundamental and objective information which is very crucial for strategic decision-making. Non-financial measures in most circumstances complement financial measures. Accordingly, this research will only analyse and evaluate the impact of institutionalised entrepreneurial characteristics on financial performance. (Harrison Jr, Horngren, Thomas, & Suwardy, 2014). Financial measurements, measure what transpired in the past and mainly their focus is a short span. Financial measures are specifically important in liquidity, profitability, efficiency and capital structure. (Lubbe, Modack, & Watson, 2017). The entrepreneurial traits are the independent variables. These characteristics are creative, innovative, high achievement, hard-work, multi-tasking and intrinsic motivation. Their impact on return on investment is dependent on how they have been institutionalised as an entrepreneurial culture. If successfully institutionalised their impact on Return On Investment (ROI) is tested. The moderating variable is contingent. The independent variables which have been successfully institutionalised into entrepreneurship culture are the ones which influence ROI. The dependent variable is the return on investment (ROI). The independent variables which have managed to be institutionalised are the ones which will be tested on the dependent variable ROI. Their impact was tested.

Empirical Review

A study by Kalamaki et al. (2021), titled A Model for Organisational Entrepreneurship with Organizational Culture Approach in Iran's Teaching Hospitals, found a positive association between some elements of entrepreneurial culture and performance. Specifically, the findings indicated that there is a significant positive association

between firm entrepreneurial risk-taking and organisational performance. Yesil & Ahmet Kaya (2013) applauds the numerous studies which are dedicated to exploring the relationship between culture and performance. However, they were quick to point out that the findings are contradictory and inconclusive. In their investigative study on the role of organisational culture on firm financial performance of firms in Turkey, the results showed that there is no positive correlation between organisational culture element and firm financial performance (Yesil & Ahmet Kaya 2013).

According to a recent research study by Kim et al. (2022), on entrepreneurship and economic growth of the Asian Development Bank (ADB), they found no significant evidence linking entrepreneurship and aggregate economic growth. They accounted for this lack of link to the heterogeneous nature of the entrepreneurial activity. (Kanhaiya, 2022). However, their study only focused on aggregate entrepreneurship culture on the aggregate economy and left out the critical elements of entrepreneurship which were responsible for driving the economy. In addition, the study was also directed at the banking sector leaving out other important sectors of the economy. This current study seeks to fill the apparent gap by identifying the critical elements in entrepreneurship culture which probably are the reasons for stimulating financial performance in manufacturing SMEs.

Employing 14 various indicators of entrepreneurship, Doran et al. (2018) analysis of whether the various measures of entrepreneurship influence economic growth for high, middle and low-income economies from 2004-2011, found mixed results. The results revealed that there is a strong positive correlation between entrepreneurial culture and economic growth in high-income economies. (Doran, McCarthy, & O'Connor, 2018). Nonetheless, there was no link between entrepreneurship indicators and economic growth in middle and low-income economies. These findings were consistent with the findings of Stam & van Stel

(2011), who concluded that entrepreneurship culture elements for middle-income economies do not influence economic growth for middle-income economies. The results of the middle and low-income economies, however, contradicted the findings of Adusei (2016) who found a strong positive association between entrepreneurship culture and economic growth for 12 African economies. There was no consensus on the outcome of these research studies, and as a result, it is difficult to generalise these findings in the Zimbabwean context. It is the absence of consensus and inconclusive evidence which makes this current research study relevant.

Using panel data from 2002 to 2018 and 22 European economies, Stoica, Roman, and Rusu (2020) concluded that entrepreneurship has a positive impact on economic growth. The study, however, did not stipulate which elements of entrepreneurship are responsible for driving economic growth. Empirically, the impact of entrepreneurship elements such as creativity, innovation and risk-taking on economic growth, particularly in developing economies is still inconclusive and further research is required. Furthermore, the study of Stoica et al. (2020) was focused on developed economies in Europe which means their findings cannot be adopted bluntly in developing economies such as Zimbabwean firms without the need for further configurations.

One of the earlier works on the relationship between organisational culture and company performance was carried out by Gordon and DiTomaso (1992). The results showed a strong relationship between organisational culture and return on sales but the results also depend on the adaptability of the organisational culture elements. For those organisational culture elements which were weak to adapt the influence of the cultural elements on corporate financial performance was weak. The study focused on established corporate insurance companies of the middle and high class in the United States of America. The generalisation of the

findings to low-income economies makes them practically impossible because of the different economic environments. In addition, insurance companies are service industries and technically the sets of entrepreneurial elements required in insurance firms are far different from those of manufacturing industries. This makes this current research study particularly necessary to fill the gap. Another important factor which justifies this current study is that the survey was undertaken a long time ago and therefore may not be of relevance to the modern-day economic environment which is always changing.

Empirical studies support the relationship between organizational culture and corporate progress. The organizational culture is one of the dynamic paths which is usually used to achieve progress in productivity capacity and the quality of the work-life for the workers (Rose, Kumar, Abdullah, & Ling, 2008). Additionally, it is one of the intangible resources, which plays a vital role in the organization, influencing employees and organizations operating within a company (Sadri & Lees, 2001). This study was not specific to entrepreneurial culture it only derived links between cultures in general and performance. Also evident is that the study also failed to identify the specific elements of culture which influence productivity. Ogbonna and Harris (2000) investigated the organizational culture as a mediator between leadership style and the company performance of United Kingdom (UK) companies. The study examined the influence of competitive culture, innovative culture, bureaucratic culture and community culture. The main findings showed that bureaucratic culture and community culture were not consistent with company performance. (Doran, McCarthy, & O'Connor, 2018). Nonetheless, the competitive and innovative cultural traits were immediately reflected in performance. The study only identified two elements of entrepreneurial culture that were investigated which were competitive and innovative cultural traits. The current study endeavours to expand the scope of the

investigation by including other entrepreneurial elements. Peculiarly clear in this study is that the study was carried out for established enterprises in the United Kingdom and this makes the general adoption of this study to Zimbabwe difficult. In addition, the study was undertaken a long time ago the context has since changed hence the need for a fresh investigation.

Naranjo-Valencia et al. (2016) revealed a strong relationship between the organisational culture elements of innovation with company performance. However, their findings also revealed that if entrepreneurship cultures are not appropriately institutionalised they can also act as a barrier to both innovation and company performance. The results conflicted with each other and consequently, there is a need for further research. Henceforth, this research study is an attempt to fill this void.

In a similar study to investigate the influence of organisational culture on performance for SMEs operating in Mthlathuze in South Africa, the findings showed the cultural element of innovation as a significant factor which contributes positively to financial performance (Ayandibu & Vezim-Magigaba, 2021). However, other cultural elements associated with leadership such as authoritative leadership styles were found to be negatively associated with the performance of SMEs especially in the long run. The major contribution of this research study is that it managed to uncover the importance of other cultural elements which may deter the terming of entrepreneurial culture. Entrepreneurial culture does not operate in isolation from other broader cultural norms, beliefs and values. (Adegbe, Babatayo, & Siyanbola, 2020). This study focused on SMEs in general. It was not specific to manufacturing SMEs and it is generally believed that the employment entrepreneurship elements differ with the sectors of the economy. This current study seeks to ascertain the link between entrepreneurial cultures and to financial performance of manufacturing SMEs. Further, the context of the application of the research outcomes

is different from country to country. Zimbabwe SMEs' economic environment is typically different from those applicable in South Africa due to embedded cultural elements shaped by different historical backgrounds and development, hence the need for this current investigation.

A survey to determine the impact of entrepreneurial characteristics and organisational culture on innovativeness in Tourism Firms in Slovenia was undertaken (Omerzel 2016). Evidence from the data gathered suggests that entrepreneurial orientation and organisational culture dimensions positively influence innovativeness in tourism companies. (Omerzel, 2016). Although organisational culture influences the study is not clear on how innovation as an entrepreneurial cultural element influences financial performance. On another dimension, the study was premised on the tourism sector which has different entrepreneurial culture elements set to those employed with manufacturing SMEs. Consequently, the outcomes of this research study cannot be blindly applied to the manufacturing SMEs in Zimbabwe. Appropriate configurations based on empirical evidence have to be adapted. This justifies the current research study.

As organizations face growing economic pressures, leaders need to create work environments that support and encourage entrepreneurial behaviour in their workforce to drive organizational innovation and growth. (Ahmetoglu et al, 2016). Interesting outcomes were found by a study undertaken to examine the effect of an entrepreneurial culture on an employee's innovation output (Ahmetoglu et al 2016). The results revealed a significant correlation between innovation and performance. The greatest contribution of this research is that innovation needs a workforce which is engaged with the organisation as corroborated by evidence from the same research study which shows that innovation output was fully mediated by work engagement. However, this also has weaknesses in common with other previous studies of ignoring other entrepreneurial culture elements and the extent how which they influence

financial performance. This research study is an attempt to identify the elements of entrepreneurial culture and how they influence financial performance.

The Research Gap

From the review of literature, the following research gaps have been identified:

Researchers such as DiTomaso (1992) and Omerzel (2016) are contradictory and inconclusive, especially of the outcomes of low-income economies sharply disagree with those of middle and high-income economies. It is the absence of consensus and inconclusive evidence which makes this current research study relevant. Only a few entrepreneurial cultural elements of main innovations were extensively studied leaving a gap to study how the other entrepreneurial elements influence performance.

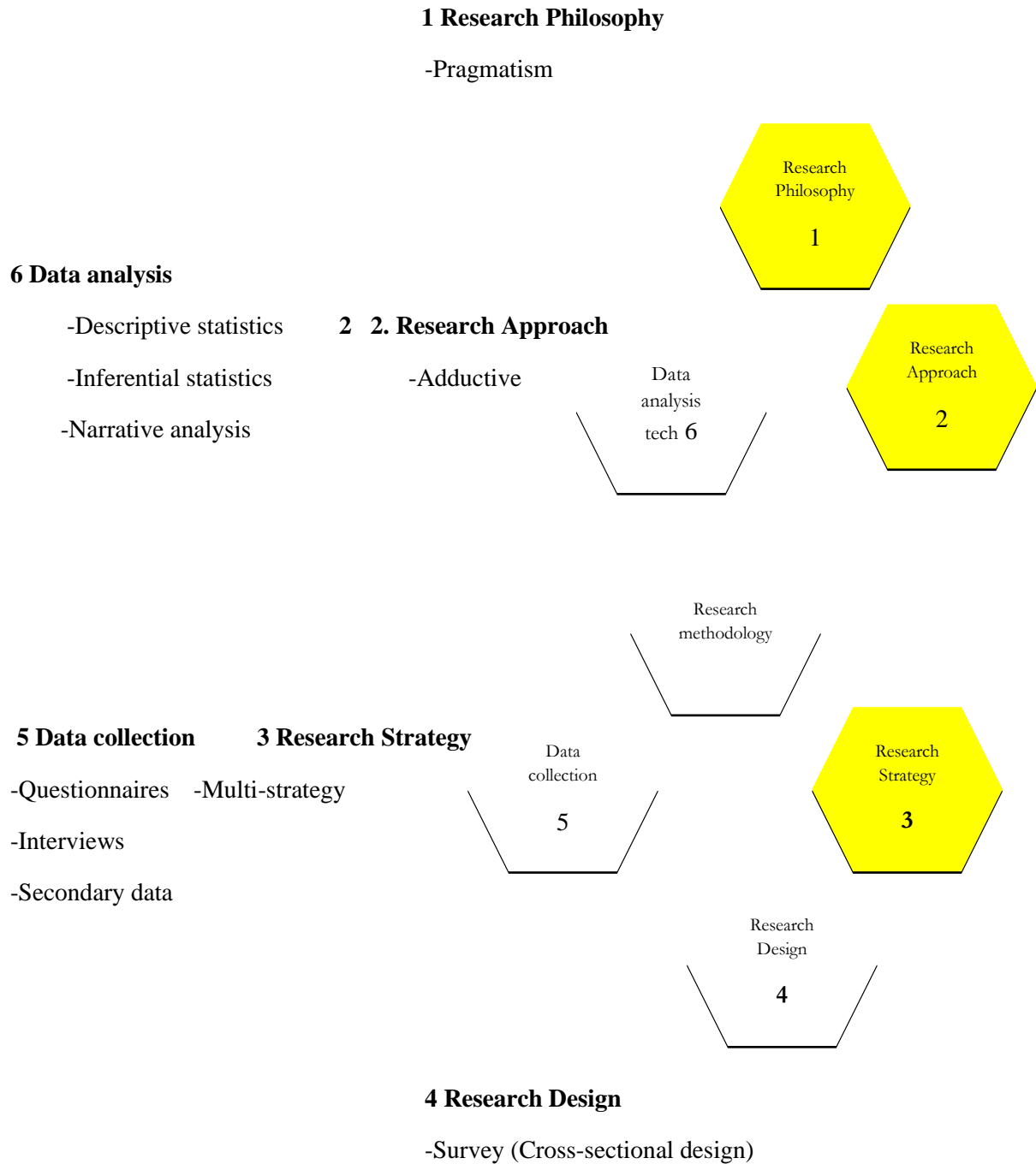
Some of the studies were conducted for large companies mainly for high and middle economies particularly those in the developed world which imperatively may not be appropriate to apply them to emerging economies such as Zimbabwe without appropriate configurations based on empirical evidence. Some studies were specific to certain sectors such as tourism, large insurance companies

or SMEs in general. Very few were devoted to manufacturing SMEs. Henceforth, the generalisation of the findings to low-income economies, and SMEs makes them practically impossible because of the different economic environments.

Most of this research was carried out in countries outside Zimbabwe. The studies focused on established corporate insurance companies of the middle and high-class economies of the USA, and middle economies of Asia among others. The context of application differs from country to country due to embedded cultural elements shaped by different historical backgrounds and development, hence the need for this current investigation. (Ayansola 2021).

Some of the studies such as those conducted by DiTomaso (1992) were undertaken a long time ago and therefore may not be of relevance to the modern-day economic environment which is always changing (DiTomaso 1992). Most of the studies were silent on how entrepreneurial culture elements were institutionalised as part of the organisational culture.

RESEARCH METHODOLOGY

Figure 2: Honeycomb Research Methods 1

Source: (Jonathan, 2013)

The study applied the pragmatic research philosophy because the belief system and values in addressing the research problem are epistemologically not aligned to positivism nor interpretivism but are a complex blend of both philosophies. (Wilson, 2014). In line with the Honeycomb research methodology, the choice of the research is linearly a product of the predecessor

research approach chosen which in this study the abductive approach is. Consequently, the research approach to be applied in this study is the mixed method research strategy (Wilson, 2014). Data was collected using questionnaires and interviews and the responses were tabulated and analysed using SPSS. Questionnaires are crucial since they provide clear direct responses from individuals and it is also part of the quantitative approach whereas interviews are qualitative in nature, they provide opinions and perceptions of respondents. The research design adopted in this study is the survey or the cross-sectional research design. This research design was chosen because it shows a snapshot of a population's characteristics, behaviours or attitudes

at a specific point in time and also an estimate of the prevalence of a particular condition, behaviour or attitude within a population. The research population was derived from the manufacturing SMEs operating from the Nyakamete industrial area of Mutare. The population of 243 members is composed of top executive management including founder members, functional managers of human resources, production, accounting and workers representatives. The population was purposively selected as these people are the ones who can give a clear picture of the extent of institutionalising entrepreneurial culture table 3-1: The population was 73 people.

Table 1: Stratified Population

Strata	Number	Percentage
Founding members	11	15%
Executive management	13	19%
Production	16	21%
HR and Administration	10	14%
Workers representative	23	31%
Total	73	100%

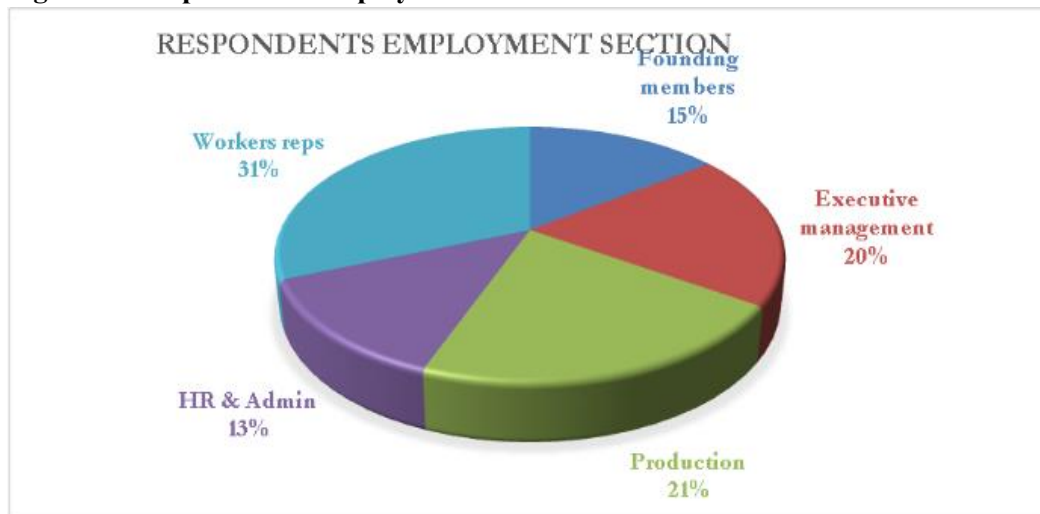
(Source: Research Survey Data, 2022)

A sample size is a subset of all elements to be included in a research study (Gupta, 2011). The sample size of 61 persons was used and it was determined by using the Taro Yamane formula.

FINDINGS AND DISCUSSION

Respondents' Occupational Employment Section in Mining.

This section presents the participants' section of employment in the manufacturing SMEs. The analysis was done to determine the level of understanding of entrepreneurial culture in relation to performance in manufacturing SMEs.

Figure 3: Respondents' Employment Section

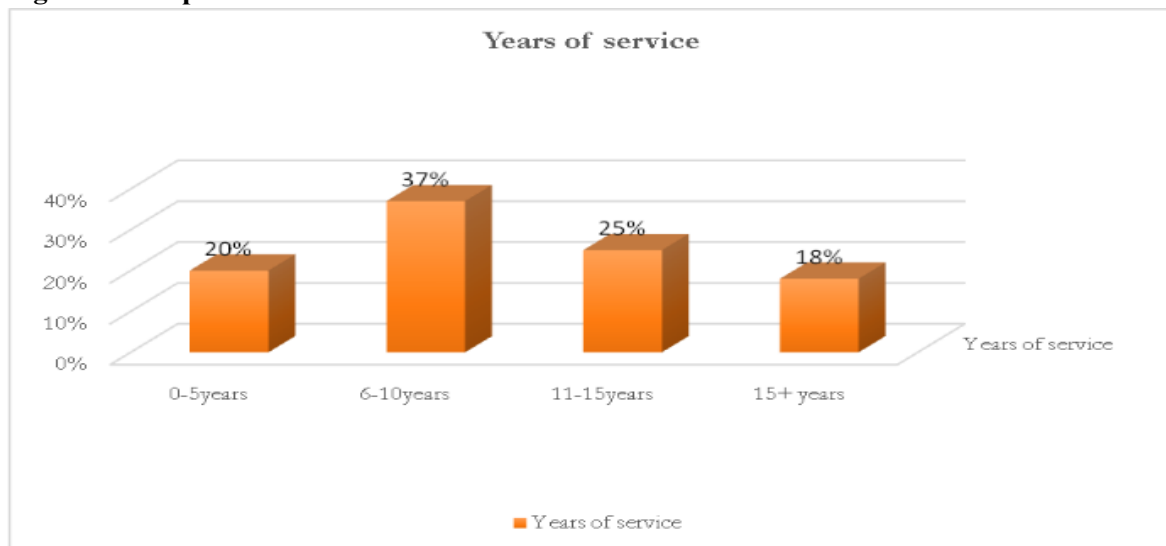
Source: (Research Survey Data 2023)

Responses obtained (Figure 4-1) show that the largest percentage of participants are shop floor workers (31%), production (21%), executive management (20%), HR and Administration (13%), and founding members (15%). The results show that all the sections which are crucial in the adoption of entrepreneurial culture in manufacturing SMEs were fairly represented. The findings are in alignment with previous empirical review outcomes which established that entrepreneurial culture is a

concept which involves every employee in the organisation (Gautam & Lal, 2021).

Respondents' Length of Service in Manufacturing SMEs

This section presents the research participants' length of service with their current employer. This was done to determine the depth of work experience with the knowledge of entrepreneurial culture issues particularly with manufacturing SMEs.

Figure 4: Respondents' Year of Service

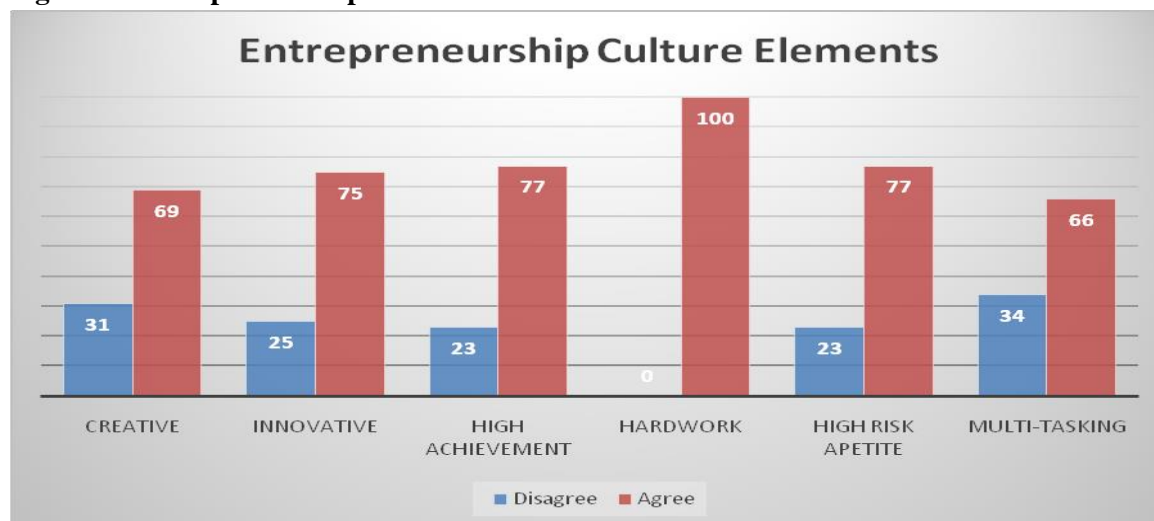
Source: (Research Survey Data, 2022)

The results of manufacturing SME workers' experience (Figure 4), show that the 0-5 years period group has 20%, 6-10 years (37%), 11-15 years (25%) and 15+ years (18%). The majority of the employees are in the experience level of more than 6 years (37%). The implication is that in manufacturing SMEs there is high labour retention

in general. Furthermore, this high level of experience is commensurate with the expected level of understanding of entrepreneurial culture issues as they relate to manufacturing SMEs. (Kalamaki, Mahmoudi, & Charati, 2021).

Elements of Entrepreneurial Culture.

Figure 5: Entrepreneurship Culture Elements



Source: Primary Data

Figure 5 shows the frequency of the dominant culture elements of entrepreneurship which are identifiable with manufacturing SMEs. The elements of entrepreneurship identified are creativity, innovation, high achievement, hard work, intrinsically motivated and multitasking. The most dominant characteristic of entrepreneurship culture is hard work with 100% of the respondents agreeing that entrepreneurship is identifiable with hard work. For all the other elements respondents agreeing were above 50% with no respondents who were standing on the fence. The results were consistent with early theories of entrepreneurship by Schumpeter (1942), McClelland in his famous theory "Need for Achievement", recognised that the appetite for high achievement is a major driver characteristic of entrepreneurs. Kim et al. (2020) reiterated that high feelings for achievement are capable of being inculcated into individuals to become successful entrepreneurs.

Furthermore one of the founder members of a manufacturing SME, **Interviewee 'M'** said:

"The need to get the best is the major push factor for entrepreneurship. It is the one most important force in entrepreneurship, driving successful leading firms globally".

Joseph A Schumpeter (1942), in his famous "Schumpeterian theory", contends that the critical characteristics of an entrepreneur are innovation and creativity. More precisely, innovation and creative entrepreneurship are the main drivers of technological, societal and human progress (Kim et al., 2020).

Another interviewee "G" revealed that:

"Innovation, creativity, and the appetite to conquer the World is characteristic of top leading entrepreneurs called the 'Gazelles' such as Steve Jobs, Mark Zuckerberg, Bill

Gates and our own Strive Masiyiwa. They are the pacesetters in disruptive innovation”

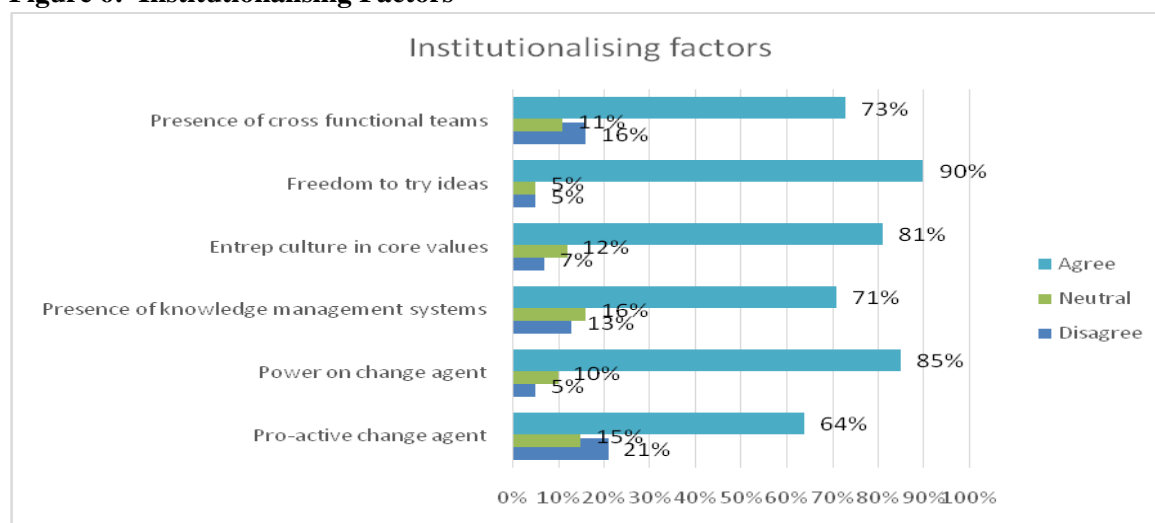
The results of the elements of entrepreneurship seem to suggest consensus with previous outcomes, particularly on the elements of innovation, creativity and the need for high achievement. The results are also consistent with Hagen’s ‘Theory of Social Change’ although the theory identified further elements. Hagen, content that enterprising individuals are unique in that they are workaholics, have strong risk appetite and are multi-taskers, perhaps as a way to limit the costs of doing business. Kim et al. (2022), expanded the notion of

entrepreneurial characteristics when they posit that the entrepreneurial traits of risk-taking, and multitasking (improvisation) are present in almost every individual and they are unleashed when an individual attempts to recover lost status. This suggests that entrepreneurial culture is capable of being inculcated in individuals.

In a nutshell, the results identified the major elements of entrepreneurial culture as: Creativity, Innovation, the need for high achievement, hard work, high risk-taking and multi-tasking.

Factors Responsible for Institutionalising Entrepreneurial Culture.

Figure 6: Institutionalising Factors



Source: (Research survey data 2023)

Respondents were given a list of potential factors responsible for promoting the institutionalisation of entrepreneurial culture in organisations in general. Respondents were requested to select the best responses which suited their opinions from the Likert scale options. The results (Figure 6) revealed unanimous agreement of all the listed institutionalisation options as follows; the presence of functional teams (73%), freedom to try ideas (90%), including entrepreneurial culture as part of the core value in formulation of the organisational strategy (81%), presence of knowledge management systems (KMS) (71%), highest

mandated power on the change agent (85%) and the need for the change agent to be pro-active (64%).

The findings were consistent with some of the findings of the interviews. Interview ‘C’ concurred with all the factors listed on the questionnaire. However, she stressed that:

“Manufacturing SMEs in Mutare must have strong powerful chief executive officers who have an appetite to do business differently if ever they are to realise the benefits of institutionalising entrepreneurship culture. My experience in business tells me that change is always resisted hence the need for strong and

determined leadership at the helm of these SMEs’.

Another respondent Interviewee ‘K’ agreed with all the listed factors on the questionnaire however she also said;

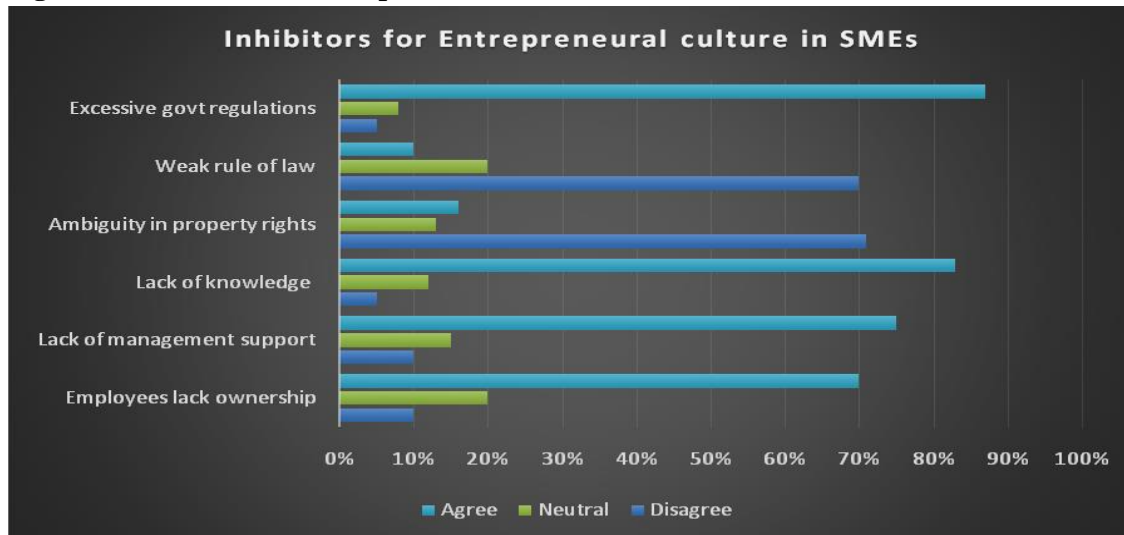
“The founding members of SMEs and the top executive management should set the right tone. Middle-level management and first-line employees will only align their efforts with entrepreneurial culture if the right tone is set and followed by top management”.

The results of this question on factors promoting entrepreneurial culture in organisations were nonetheless, in line with the findings of Kanhaiya (2022). Kanhaiya (2022), content that

entrepreneurial culture can be created through a dynamic, proactive style where the chief executive officer (CEO) is a change agent, with the highest possible mandate. It is crucial to embed entrepreneurship into the core values of the firm, have a Knowledge Management system (KMS), let people try their ideas for improvement, and keep the structure flat. (Kanhaiya, 2022). Cross-functional teams must be encouraged and members should be rotated intermittently. Having a tolerance for ambiguity, training people to unlearn and exposing them to realities beyond their organizational boundaries are required (Kanhaiya, 2022).

Inhibiting Factors for Institutionalising Entrepreneurship Culture

Figure 7: Inhibitors for Entrepreneurial Culture



Source: (Research survey data 2023)

Figure 7 shows the results of the responses to the question soliciting the inhibiting factors on institutionalising entrepreneurial culture practices in manufacturing SMEs. The respondents accounted for the significantly low success rate in institutionalising entrepreneurial culture to excessive government regulations (87%), lack of knowledge (83%), lack of management support (75%), and workers' lack of ownership of the organisation which employed them (70%). The

results are in line with Urbano et al. (2019) in only one element of excessive government regulations. Urbano et al. (2019), argue that the expected growth and institutionalisation of entrepreneurial culture are retarded by institutional factors of excessive government regulations and enforcement, ambiguity in property rights and weak rule of law (Doran et al., 2018; Kim et al., 2020).

Surprisingly the findings of this current study refuted the deep-held beliefs that failure to

institutionalise entrepreneurial culture is explained in terms of ambiguity in property rights and weak rule of law. (Kim, Park, Jinjark, Quising, & Tian, 2022). The inconsistencies with the other factors of weak rule of law and ambiguity in property rights could be attributed to the level of economic development of the country on which research was based. Their research focused on developed economies of the West and concentrated on the entrepreneurship culture of big corporations. On the other hand, this current research is premised on SMEs in a developing country where the limiting factors endogenic to the firm don't matter. Also to note is that Urbano et al, (2019) focused on exogenous limiting factors at the expense of internal factors hence the contradiction.

In support of internal factors which limit institutionalisation Interview 'G' suggested that:

"We simply don't have the know-how as founder members and executive management, to be able to transfer what is in us to our employees, so that the entrepreneurial culture in us is transferred to the employees and becomes the culture of the business. I think that is also the problem faced by many family businesses that they failed to prepare their children to assume the running of the business when they are no longer there. Consequently, most businesses collapsed when the founder members were no longer able. Similarly, I have observed that most of our employees are not in it. They are aloof and lack that sense of ownership which is commensurate with responsibility. As for myself, I don't even know how to fix it."

The research findings revealed that the reasons for failure to institutionalise entrepreneurship are attributable, to excessive government regulations, lack of knowledge to institutionalise, lack of sense of ownership among employees, and lack of management support. Accordingly, literature sources such as Hosni, Ali & Said (2017), failure to institutionalise is mainly accounted for by internal factors such as poor management support, and

failure by management to embed entrepreneurial values in the broad organisation structure. Similarly, other empirical findings contend that that entrepreneurial culture does not operate in isolation it is part of the broader organisational culture and is not always easy to blend it with previously established organisational culture due to resistance to change (Ahmetoglu et al, 2016; Omerzel, 2016).

Henceforth, the results of the respondents showed that ambiguity in property rights and weak rule of law are not the reasons inhibiting entrepreneurs from institutionalising entrepreneurial culture in manufacturing SMEs in Nyakamete industrial area Mutare. In addition, the results also revealed that the deterrent factor against institutionalising entrepreneurial culture in manufacturing SMEs in Mutare is attributable to a lack of a sense of ownership by employees, constrained management support, lack of knowledge by founders and executive management as well as excessive government regulations.

Perceptions on the Influence of Entrepreneurial Culture Elements on ROI

Question 10 was asked to solicit the perception of the respondents regarding the influence of the entrepreneurial culture elements on the performance specifically the return on investment (ROI) of manufacturing SMEs running their businesses in the Nyakamete industrial area of Mutare. The entrepreneurial elements of culture were analysed as a hypothesis to the main hypothesis derived from the main alternate hypothesis:

H₁: There is a positive correlation between entrepreneurial culture and financial performance.

Consequently, the following sub-hypotheses were formulated to assess the association of entrepreneurial culture with return on investment (ROI) as a financial performance indicator as follows:

Association to EP:

H₁: Creativity is positively correlated to ROI

H₂: Innovation is positively correlated to ROI

H₃: The need for achievement is positively correlated to ROI

H₄: Hard work is positively correlated to ROI

H₅: The appetite to take calculated is positively correlated to ROI

H₆: Multi-tasking is positively correlated to ROI

In soliciting the responses a five-point Likert scale was used with the weight of 1 = Decreased significantly and 5 = increased significantly. The researcher used the Spearman Rank Order Correlation coefficient. The Spearman coefficient applies to two related ordinal data. Therefore, the results of the frequency of perceptions were

converted to ranking which corresponds to the Likert scale ranking. The interpretation of the Spearman ranges from -1 to 1 which means a measure between -1 and 0 depicts a negative correlation and a coefficient measure between 0 and 1 depicts a positive correlation. Thus, if there is no correlation the results should refute the hypothesis or confirm the hypothesis if there is a positive correlation of the variables.

Hypothesis Testing Using Spearman Rank Correlation Coefficient.

$$\text{Formula: } R_s = 1 - \frac{6\sum d^2}{n(n^2-1)}$$

R_s = Spearman rank correlation coefficient

n = number of paired ranks

d = difference in ranks

Table 2: Spearman Coefficient-EP 1

Element of entrepreneurial culture	$\sum d^2$	$\frac{6\sum d^2}{n(n^2-1)}$	$R_s = 1 - \frac{6\sum d^2}{n(n^2-1)}$
H₁: Creativity	11.2	0.32	0.68
H₂: Innovation	4.0	0.20	0.80
H₃: Need for achievement	9.10	0.26	0.74
H₄: Hard working	4.0	0.20	0.80
H₅: Assuming calculated risk	12.95	0.37	0.63
H₆: Multi-tasking	7.0	0.35	0.65

$$n(n^2-1) = 5(5^2-1) = 120$$

Source: (Research Survey Data 2023)

The results of Table 2 show that all the six entrepreneurial culture elements tested for association are positively correlated to return on investment (ROI) with the strength ranging from the lowest of 0.65 to a maximum of 0.80 for innovation and hard work. The result depicts a very strong positive correlation between entrepreneurial culture elements with return on investment (ROI). The implication is that for all the entrepreneurial elements understudy, respondents agree that they

improve ROI substantially. Consequently, the null hypothesis:

H₀: There is no positive correlation between entrepreneurial culture elements and financial performance (ROI) is refuted and the alternative hypothesis:

Hypothesis H1 to H6 represent alternative hypotheses and are all positively correlated to returns on investment (institutionalised culture elements influence profitability significantly).

The hypothesis test results are to a greater extent consistent with previous theoretical and empirical research outcomes. The results conform to the theoretical model of Joseph Schumpeter (1942), who established that traits of innovation and creativity create what is now famously known as the Schumpeterian which is the premium which motivates entrepreneurs to venture into business. Similarly, Naranjo-Valencia et al. (2016) revealed a strong relationship between the organisational culture elements of innovation with company performance with company performance.

On the other hand the motivation theory of McClelland “The need for achievements” also established that the desire for high achievement of specific objectives drives entrepreneurial tendencies in individuals. (Smit, Cronje, Brevis, & Vrba, 2013). McClelland recognised that high feelings for achievement are capable of being inculcated into individuals to become successful entrepreneurs (Kim et al 2022). In addition, Everett Hagen’s ‘Theory of Social Change’ ascribes the genesis of entrepreneurship to the loss of respect status of an individual or group of people (Kim et al 2022). The loss of status unleashes creativity, and innovativeness, and triggers the risk appetite which is subconsciously lying idle in individuals and groups of people (Kim et al 2022).

Most contemporary researchers contend with the position of earlier studies that the dominant entrepreneurial culture characteristics are creativity, innovation, risk-taking, the need for high achievement and multi-tasking (Czinkotaa et al., 2020; Kim et al., 2022). Once these elements of entrepreneurialism are unleashed, this will lead to spontaneous social transformation and economic development. (Czinkotaa, Kaufmannb, Basilec, & Ferric, 2020). Social transformation is linked to the financial performance of enterprises and individuals. (IOANNIDOU, 2019).

SUMMARY OF FINDINGS

Findings, Conclusions and Recommendations

The major findings were summarised according to the research questions as follows:

What are the Elements of Entrepreneurial Culture?

The research found that the dominant elements associated with entrepreneurial culture are innovation, creativity, need for high achievement, calculated risk appetite, and hard and multitasking. These are the characteristics according to the outcome associated with entrepreneurial culture.

Which Factors are Responsible for Institutionalising Entrepreneurial Culture?

The study investigation found out that the following factors promote the institutionalisation of entrepreneurial culture in manufacturing SMEs, presence of cross-functional teams, degree of freedom accorded to employees to try ideas, extent of inclusion of entrepreneurial culture in strategic formulation, presence of knowledge management systems (KMS), extent of mandated power on the change agent(CEO), the need for the change agent to be dynamic and pro-active and setting the right tone at top level management structure.

What are the Inhibiting Reasons for Institutionalising Entrepreneurial Culture?

Furthermore, the research survey found out that the major impediments to the institutionalisation of entrepreneurial culture are, excessive government regulations, lack of knowledge commensurate with institutionalisation of entrepreneurial culture, limited top management support, workers lack of sense of ownership of the organisation which employed them. On the same question, the research also found out that ambiguity in property rights and weak rule of law are not inhibiting factors as far as institutionalising entrepreneurial culture in SMEs in the Mutare Nyakamete industrial area.

To What Extent Are Entrepreneurial Culture Elements Positively Correlated to Financial Performance?

It was found that all entrepreneurial culture elements are strongly positively correlated to financial performance (ROI). The strength of the correlations was measured by the Spearman Rank correlation coefficient (Rs) and the degree of strength ranged from 0.63 to 0.8.

CONCLUSION

From the findings discussed above the following conclusions were drawn:

The level of education of most manufacturing SMEs in the Mutare Nyakamete industrial zone is commensurate with the minimum requirements necessary for the adoption of an organisational culture which is predominantly enterprising. Manufacturing SMEs in Mutare are aware of the critical constituent entrepreneurial culture elements to be embedded in their organisational culture. Manufacturing SMEs appreciate and understand the factors which promote the institutionalisation of entrepreneurial culture in their organisation.

The manufacturing SMEs have no strategy for incorporating entrepreneurial culture in their organisations. Manufacturing SMEs face many limitations which need to be addressed if they decide to institutionalise entrepreneurial culture in their organisations. Deliberate incorporation of entrepreneurship culture in manufacturing SMEs in Mutare will improve the profitability of these firms and value for money for all its stakeholders.

Recommendations

Training in Strategy Formulation and Organisational Behaviour

Knowledge of strategy formulation, organisational behaviour and change management is a crucial instrument which should be harnessed to build a strong entrepreneurial culture in manufacturing SMEs in Mutare. Currently, the training which is offered to SMEs is mainly related to psychomotor

technical skills which are mainly dealing with production. The training of these tailor-made skills can be spearheaded by universities and colleges that should include behavioural sciences in their training programmes. Also, management training institutions in Zimbabwe can expand their training programmes to include training SMEs in behavioural sciences. However, these effective public-private partnerships (PPP) are crucial to speed up the training and adoption of such policies.

Create an Enterprising Conducive Environment

The government to create a conducive environment which minimises compliance requirements such as Zimra tax obligations, and NSSA among others. At times SMEs are faced with inhibitive regulations where their resources and efforts are only focused on meeting regulatory requirements and the expense of manufacturing SMEs developing their organisations. However, the government can expand the number of companies that will voluntarily incorporate entrepreneurial culture by incentivising certain activities. For example, through fiscal policy budget statements and statutory instruments government may consider granting generous tax incentives for investing in manufacturing SMEs. Consequently, the tax incentive saved can be used for training or for engaging in creating an entrepreneurial culture for manufacturing SMEs.

Setting the Right Tone

Set the appropriate tone at the top through the founder members, the chief executives and top management this depicts entrepreneurship through not just speaking but actions. An appropriate entrepreneurial tone at the top will cascade down to the lower ranks of the organisation. Research on organisational behaviour strongly suggests that passionate entrepreneurial behaviour can best be reinforced when a proper example is set at the top. (UNISA, 2012). The management of an organisation cannot act one way and expect others in the organisation to behave differently. In many

cases, particularly in manufacturing SMEs, it is necessary for management to both behave entrepreneurially and to communicate its expectations for entrepreneurial behaviour change openly because most employees may not be in a position to observe management's actions (Silverstone, Sheetz, Pedneault, & Rudewicz, 2012).

Rewarding Workers for Innovations

Workers should be rewarded and incentivised for innovations. Innovations should also be patented in partnership with the employee.

Setting up Research and Development Policies.

Such a policy should be followed by a department responsible for carrying out research and development of new products and ideas. This will promote the freedom accorded to employees to test their ideas without fear of being disciplined. For SMEs which are still small, they can include such functions in the marketing department or production department.

Share Ownership Schemes.

To enhance a sense of ownership for employees if the SMEs decide to inculcate entrepreneurship culture, management should consider granting share ownership schemes. In addition, employees should be rewarded competitively.

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