MODERATING EFFECT OF ORGANIZATIONAL CULTURE ON THE RELATIONSHIP BETWEEN CORPORATE ENTREPRENEURSHIP AND BUSINESS PERFORMANCE IN PAKISTAN’S BANKING SECTOR

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ABSTRAK


Kata kunci: keusahawanan korporat, prestasi perniagaan, budaya organisasi, bank, Pakistan
ABSTRACT

Drawing upon resource based view of the firm and contingency theory, this study examined the role of organizational culture in moderating the relationship between corporate entrepreneurship and its dimensions with business performance. A total of 249 middle managers of the big five banks of Pakistan participated in the study. The findings of the study supported the hypothesized positive relationship between corporate entrepreneurship and business performance. Similarly, it was found that organizational culture was positively related with business performance as well as moderating the relationship between corporate entrepreneurship and business performance. With regards to the relationships between dimensions of corporate entrepreneurship and business performance, the findings revealed positive significant relationships between management support, organizational boundaries, time availability, and work discretion, and business performance. However, no significant relationship exists between rewards and reinforcement and business performance. The findings further revealed that organizational culture moderated the relationship between organizational boundaries, time availability, and work discretion with business performance. Generally, these results supported the view that corporate entrepreneurship and its dimensions could effectively foster business performance. Furthermore the findings supported the prominent role of organizational culture towards enhancement of business performance either individually or collectively with corporate entrepreneurship and its dimensions. Finally, the theoretical, methodological and practical implications as well as limitations and suggestions for future research are provided in this study.

Keywords: corporate entrepreneurship, business performance, organizational culture, banks, Pakistan
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LIST OF ABBREVIATIONS

CE - Corporate Entrepreneurship
OC – Organizational Culture
MS – Management Support
OB – Organizational Boundaries
RR – Rewards and Reinforcement
TA – Time Availability
WD – Work Discretion
CHAPTER ONE
INTRODUCTION

1.1 Background of the Study

The world witnessed Global Financial Crisis (GFC) in the great depression that started in 2007-2008 bringing the world towards highest unemployment level in the developed countries such as like USA, UK, and other EU countries. Billions of dollars were spent by these countries in bailing out their financial systems. The banking sector performance of these countries determines their overall economic direction. The banking industry has always earned reputation in countries financial systems although banking sector’s role has varied depending upon a society’s structure, its economic development stage, and the socio-political environment.

Performing the intermediary role in between savers and investors, the banks mobilize the savings of a large number of depositors and lending them to other economic units to lead an economy for future economic stability. The bank’s efficient performance is necessarily required for the maximization of profits for the shareholders and in the benefit of stakeholders who have significant interest in banking operations. A single bank’s failure can lead to the whole economy’s failure (Janjua, 2003). In the past financial crises, banks have been rescued by the governments as these banks are main source of credit for businesses (Lietaer, Ulanowicz & Goerner, 2008). In the developing countries, as literature suggests, there has been very little, if any, attention paid towards the performance of banks.
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