

*Original Paper*

Entrepreneurial Culture as Threat to SMEs' Entrepreneurial  
Orientation-Success Relationship in Developing Countries  
– The Case of Private Healthcare Sector in Macedonia

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**Abstract**

*Businesses face multiple challenges throughout their early years of performance. Entrepreneurial culture plays a significant role in the environmental ecosystem of the businesses in developing countries. Internally, having entrepreneurial orientation strategy at their business focus certainly improves SMEs' position by initiating courage for exploring new opportunities and taking risk, initiate innovation, act proactively on the market and to set autonomy and competitive aggressiveness as standards in their operations. The study has proposed six theoretical propositions for entrepreneurial orientation-SMEs' success relationship under the influence of the entrepreneurial culture. The six propositions derived from this context have been elaborated by applying a multiple-case research strategy. Participant companies have been part of the private healthcare sector in Macedonia. Interviews with the founders have been conducted to examine their personal views on the entrepreneurial culture in the country, as well as to practically test the propositions on their real business experience and current performance. Study results have indicated relatively low threat from the entrepreneurial culture to the entrepreneurial orientation dimensions and the businesses success correspondingly. Overall, the study has provided vital context-specific results that might guide managers in building strategies and plans that better suit local conditions and avoid adverse consequences.*

**Keywords**

*entrepreneurial orientation, culture, developing country, SMEs' success, private healthcare sector*

## 1. Introduction

Extensive research in entrepreneurial orientation literature have been noticed during the past ten years, mainly due to the eminent echo of the trend of globalization, openness of international markets and wider competition as well as emergence and development of new less developed markets and areas. Supporting arguments coming from Miller (2011) would clarify that the innovation and new entries as dominant trend in entrepreneurship, contribute highly not only to the economic growth, but also to the social well-being and prosperity of nations. Therefore, the entrepreneurial orientation has a broad applicability network, targeting variety of organizations regardless of size, age, industry or business life-cycle stage (Covin & Wales, 2012).

Moreover, the entrepreneurial orientation phenomenon has highly increased its presence in international research, recognizing that the significance and constitution of this strategic organizational behaviour may differ across countries and cultures. Analysing entrepreneurial orientation in different contexts is of explicitly high importance, rising on the assumption that the environment and national culture play significant role in firms' entrepreneurial performance. Researchers in the field of entrepreneurship have been criticized for overemphasising the need and use of entrepreneurial orientation in advanced economies, while failing to include its significance to SMEs performance in developing countries (Runyan et al., 2012).

However, a general approach for elaborating the contribution of entrepreneurial orientation strategy to firm performance have been pursuit by several researchers, Miller (1983), Lumpkin and Dess (2001). A fundamental implication emerging from entrepreneurial orientation-performance literature is that in order to be successful, new entries need to have a strong entrepreneurial orientation. More explicitly, different organizations need different stream of forces to promote strong entrepreneurial orientation. Empirical studies indicate that it is not only the organization that determines the direction of the entrepreneurial orientation, but also the corresponding environmental circumstances (Lumpkin & Dess, 1996; Gartner, 2008; Johns, 2006). In this direction, Lumpkin and Dess point that risk-taking, innovativeness, pro-activeness, autonomy and competitive aggressiveness may vary independently depending largely on the organizational and environmental context. The point rising behind this assumption is that the level of entrepreneurial orientation presence in the business affects how environment and culture are perceived, and indirectly shapes the decisions entrepreneurs make.

The private healthcare sector in Macedonia has significantly developed during the past decade and still presents a solid ground for creation of advanced solutions and business prosperity. The need of private business entities in this sector is continuously more evident. The reasons behind are multiple. Primarily, the citizens are looking for the solution for their health problems at the public health providers in the country. At this point, they pay a mandatory health insurance, but again, they have to pay participation at the point of service delivery (10-20% of initial price) and very often they have to pay for services in the private hospitals due to the lack of services and equipment in the public hospital or long waiting lists for screenings or examinations. In fact, although the public health care system has been declared as

solidarity and free, analysis have shown that still 36,7% of total healthcare services in the country have been privately paid out of pockets of the citizens, WHO Regional Office in Europe (2016). As Macedonian citizens become more aware of world's sophisticated medical trends, they tend to ask for the same services and treatment in the country, which is impossible to be provided by the state medical operators.

### *1.1 Entrepreneurial Orientation Concept and Dimensions*

Entrepreneurial orientation has often been explained through the entrepreneurial processes and more precisely through the answer of the question "how the business is undertaken?" The concept is often related to market orientation. According to Abdulkarim et al. (2021), entrepreneurial orientation has a significant impact on the performance of SMEs when combined with market orientation. In reality, the study reveals considerable findings when it comes to the contribution of entrepreneurial orientation to non-financial company performance, resulting in pleased customers and employees, as well as a well-established business image and customer loyalty. A considerable body of the literature has evidenced that entrepreneurial process are complex and may not always result with the expected outputs. Still, authors have made numerous conceptualizations of the entrepreneurial orientation as strategic construct, starting by the basic three items concept of Miller (1983) including innovation, risk taking and pro-activeness; to the extended five-items Lumpkin and Dess' construct incorporating the dimensions of innovation, risk taking and pro-activeness, as well as the dimensions of autonomy and competitive aggressiveness. A brief overview of the five entrepreneurial dimensions follows.

#### *1.1.1 Autonomy*

Many entrepreneurial studies have demonstrated that exercising sound autonomy behaviour is a key precondition for creation and success of new venture development (Kanter et al., 1990; Rauch et al., 2009). However, studies that investigate the direct relationship between autonomy and business performance are lesser in number. Reasons for this state may be found in the absence of autonomy as a prime entrepreneurial dimension in the work of Miller (1983) and Covin and Slevin (1989); as well the lack of adequate measurement scale to trace the exact autonomy contribution to firm performance. A recent study conducted by Gelderen (2016) examined the exercise of autonomy on individual entrepreneurial level and the internal and external factors that had direct influence on autonomous behaviour. In fact, while most of the respondents in the study connected autonomy as freedom in decision making (including setting own working hours and methods, designing organization and culture, making strategic decisions and deciding on new products and services), many of them emphasised that having high level of autonomy also means having high level of responsibilities. This goes in line with the finding that entrepreneurs may never be fully free (autonomous) in their actions since they never act in isolation and are surrounded by different kinds of constraints like responsibility for customers and employees, acts of competition, government laws and regulations (Gelderen, 2016).

This study fully supports Lumpkin and Dess' decision to introduce autonomy as one of the key dimensions of entrepreneurial orientation construct. This standpoint may be supported by several

practical implications. First, autonomy is the main motivation and precondition for start of new venture, introduction of new products or services or proactive approach to markets. Furthermore, autonomy is the base for initiating new ideas and pursuing innovation. At the end, without autonomy, no individual or group, at any level at the organizational hierarchy, would have the courage and motive to take risky actions in order to create economic value. These considerations seem sufficient to defend autonomy as essential dimension of entrepreneurial orientation and to impose commitment to autonomous attitudes and behaviours through all the levels in the entrepreneurial orientated firm.

#### 1.1.2 Innovativeness

The evidence that the innovation contributes positively to firm performance dates back to Schumpeter's entrepreneurship foundation, by recognizing that a continuous innovative activity is the key for lasting entrepreneurial success, mainly by establishment of temporary market monopoly, Schumpeter (1934). Moreover, by Porter's perspectives, innovative firm activities enable firms to set high market barriers; thus preventing competition, strengthen market position and ensuring above average returns. In addition to this, with the innovative activities outputs (innovative products, service or processes), companies create new market demand which naturally lead to higher profits, Porter (1980). According to many recent studies as well, innovation is inevitable for existence of entrepreneurial orientation regardless of the presence of other dimensions (Gurbuz & Aykol, 2009; Verbano et al., 2020). Furthermore, the positive impact on SMEs is screened through a number of indirect and non-monetary dimensions. In that direction, innovative firms enjoy higher employee satisfaction leading to lower employee turnover and higher employee productivity. In addition, innovation practices allow companies to differentiate from competitors, to enjoy customer loyalty, set entry barriers and receive price premiums for innovative products and services (Rosenbusch et al., 2011). In a study conducted by Banbury and Mitchel (1995), few hypotheses supporting this view were accepted. In fact, the authors proved that the more times an incumbent are among the first to introduce important incremental product innovations, the greater its market share will be. The authors further add that the greater market share is also secured if the firm is prepared to early adopt innovation from other firms. And finally, innovation seems to ease the greatest entrepreneur's concern and that is the likelihood that a business will experience failure declines as the number of new products that it introduces increases.

The privilege to innovate has been generally transferred to large corporations, due to their wider investment possibilities, available resources and intellectual capacities (Damanpour, 1996; Nord & Tucker, 1987). The supportive argument include the assumption that most often the larger the company-the longer exists on the market, therefore possessing more innovative experience and greater accumulated knowledge. Another school of thought argues that the SMEs have fight for a higher reputation among innovative companies due to their ability to respond quickly to market changes and flexible organizational structure (Acs & Audretsch, 1990). Furthermore, as Rosenbusch et al. (2011) analysis suggest firm age negatively moderates the innovation-performance relationship, meaning that innovation has higher positive impact on new firms, rather than the established and mature companies.

This would absolutely bring us to remark that in the innovation processes flexibility is valued higher than the specialization on assets.

### 1.1.3 Risk Taking

The notion of risk-taking or uncertainty, as often nominated in the literature, has been present in entrepreneurship and entrepreneurial orientation definitions since their early establishment. The dimension of uncertainty has been dominant impression in the theories of Cantillon (1755), Schumpeter (1934) and Knight (1921). Naturally, it is more that evident that all businesses incorporate certain level of risk. The difference is that while in the past risk has been explicitly examined as construct strongly connected to individuals, in the entrepreneurial orientation as a firm-level strategic posture, risk may also relate to the firm as a whole, acknowledging that the initiative may come from the manager, but also from the venturing department or lower levels at the larger companies.

As autonomy may be recognized as one of the main incentives to start own business, the inability to bear a certain level of risk may present a main deterrent for individuals to enter into entrepreneurial activities. This clearly show how important is the personal risk propensity for the initiative and further performance of entrepreneurial ventures. However, besides the high level of risk related to entrepreneurship, still thousands of individual have decided to start own businesses. The study conducted by Simon et al. (2000) revealed findings that individuals enter into risky entrepreneurial activities no due to a high personal risk propensity, but because the new entrepreneurs do not perceive properly the risk inherent in their decision. Their results showed that most entrepreneurs do not perceive their activities as risky, which points to their different risk perception points. The authors suggest three types of cognitive biases that prevent potential entrepreneurs from rationally evaluating the riskiness of their actions. The first bias toward individual risk perception is one's overconfidence referring to the failure to know the real limits of own knowledge. The second bias indicates the illusion of control, meaning that individuals often believe they can control even the uncontrollable events, resulting in inability to predict entrepreneurial results. And the third bias influencing one's perception toward risk is the belief in the law of small numbers, present when individuals draw conclusions on small sample of information. This certainly is in accordance with the findings of Glaser et al. (2016) who argue that personal initiative and risky behaviour need careful management.

Firm-level risk taking has received a defining note in the early work of Miller and Friesen, who stated that risk at a firm level refers to "the degree to which managers are willing to make large and risky resource commitments – i.e. those which have a reasonable chance of costly failures", Miller and Friesen (1978, p. 923). It is more than evident that risk is almost exclusively connected to firms that act entrepreneurial. These firms need to build a fully entrepreneurial organizational culture in order to stimulate initiative of risky actions that might bring high performance and returns.

### 1.1.4 Pro-activeness

Pro-activeness has been part of the earliest Miller's (1983) definition and conceptualization of the entrepreneurial orientation phenomenon, building the construct together with innovativeness and risk

taking. Even though, many further studies have built on this three-unit configuration, still pro-activeness have been far less frequently investigated than the other entrepreneurial orientation dimensions, especially innovation and risk taking (Lumpkin & Dess, 2001; Kreiser et al., 2002). Nevertheless, the findings from the literature on entrepreneurship provide compelling evidence that pro-activeness is closely associated with entrepreneurship, and thus important part of entrepreneurial orientation of a firm.

Defined as a fully forward looking perspective, it may be evaluated by the speed to innovate and first to come across market demand (Ferrerias-Méndez et al., 2022). Pro-activeness has been characterized by Lumpkin and Dess as “taking initiative by anticipating and pursuing new opportunities and by participating in emerging markets” (1996, p. 146). The authors have later recognized the environmental importance for proactive activities and added emphasis to clarify that pro-activeness involves tracking and monitoring changes in the business environment, consumer tastes and technologies (Lumpkin & Dess, 2001). This standpoint has been evident in the definition of Miller and Friesen (1978) who shared the view that pro-activeness’ function is actually to change the environment by introduction of new products and technologies.

In fact, successful performance of the before mentioned activities, should give the firm a first mover advantage on the market. A most comprehensive research on first mover advantage has been provided by Lieberman and Montgomery (1988), who deeply analyzed the mechanisms by which firms gain advantages as well as disadvantages by being the first market entrants. As indicated in their study, first mover advantages arise from several sources: technological leadership, preemption of assets and buyer switching costs. The actual benefits firms enjoy by pioneering on the markets are mostly related to unusual high profit generations, establishing and retaining brand recognition and absence of competitive threats and price reduction (Dess & Lumpkin, 2005). However, proactive orientation of firms comes with considerable costs, since first mover strategy bears own risks and does not always lead to positive outcomes, (Van der Merwe & Lotz, 2013; Lieberman & Montgomery, 1988; Lumpkin & Dess, 1996). Namely, research has shown that the disadvantages that first movers face are actually the advantages of second-to-market entrants. The main assumption behind this notion is that later market entrants may take advantage based of pioneer’s investment in R&D, buyer education and marketing, as well as market infrastructure settlement.

#### 1.1.5 Competitive Aggressiveness

Although less examined than the rest of the entrepreneurial orientation dimensions, competitive aggressiveness have deserved the attention of number of eminent authors, Lumpkin and Dess (1996, 2001, 2009); Venkatraman (1989). Moreover, competitive aggressiveness’ importance have been noticed in the definition of Miller (1983), by pointing to the importance of the activities that would “beat the competitors to the punch”, besides the fact that competitive aggressiveness was not included in Miller’s entrepreneurial orientation structuring. Some authors argue that competitive aggressiveness as response to market threats is more applicable to new market entrants, specifically young firms that

are in position to establish legitimacy and power on the market and protect themselves from the vulnerability in the infancy period following start up (Lumpkin & Dess, 1996; Porter, 1985). Another school of thought stands for the view that competitive aggressiveness is more appealing to large and established businesses which may allow taking the risk of failure and may afford investment in aggressive marketing or large initial capacities investment, MacMillan and Day (1987). However, regardless of firm's size and lifecycle position, SMEs' competitive aggressiveness is important for increasing competitive level and quality of products and services in more saturated and labour intensive markets (Paulus & Hermanto, 2022).

While pro-activeness refers to how a firm related to market opportunities in the process of new entry, competitive aggressiveness refers to how firm relates to competitors and how firms respond to trends and demands existing in the marketplace (Lumpkin & Dess, 1996). Competitive aggressiveness has also been characterized by responsiveness that may mean head-to-head confrontation with rivals in response to rivals' threats. Many authors support the view that competitive aggressiveness also present the entrepreneurs' willingness to adopt unconventional competitive tactics, rather than relying on tradition market competitive methods (Van der Merwe & Lotz, 2013; Lumpkin & Dess, 1996). In this manner, in their later study on competitive aggressiveness, Lumpkin and Dess (2001) has characterized this entrepreneurial orientation dimension as the intensity of businesses' efforts to act upon outperforming rivals, by stating that the competitive aggressiveness is "characterized by a strong offensive posture directed at overcoming competitors and may also be quite reactive as when a firm defends its market position or aggressively enters a market that a rival has identified" (p. 433). Definition clearly state that competitive aggressiveness is an important element of entrepreneurial orientation of ventures, during both, the phase of entering the market and securing market share, as well as at the phase of defending an already established market position.

### *1.2 Conceptualizing an Entrepreneurial Orientation Strategic Posture under the Constrains of Unfavourable Entrepreneurial Culture in Developing Countries*

Entrepreneurial perspective in developing countries is, by far, perceived as relatively poor and unfavourable. A broader and richer perception of this context is hence necessary. While there are also positive aspects of developing countries that create the entrepreneurial atmosphere, there are few key negative elements, involving the general unfavourable entrepreneurial culture in these countries. In order to give greater support to the propositions included in this study, we additionally observe the culture as moderating factor through the lenses of Hofstede's cultural dimensions.

#### *1.2.1 The "Entrepreneurial Culture" and Hofstede's Cultural Dimensions*

Previous literature elaboration has shown that national culture has an important moderating effect of entrepreneurial processes and performance relationship (Hofstede et al., 2002; Trompenaars & Hampden-Turner, 1997; Runyan et al., 2012). The culture signifies a strong determinant of entrepreneurial growth, and is identified as one of the major elements in national entrepreneurial ecosystem. In light of the entrepreneurship in developed and developing countries, culture is a critical

element that might either foster collaboration and innovation or prevent effective knowledge sharing. From a theoretical point of view, there is a sound support for introduction of culture to the conceptual framework for this study.

As elaborated in the previous review of the literature, Hofstede's model of entrepreneurial culture includes: power distance index (PDI), individualism versus collectivism (IDV), masculinity versus femininity (MAS), uncertainty avoidance index (UAI), long- versus short-term orientation (LTO) and indulgence versus restraint. Avramaska (2007) has studied students' and managers' behaviour regarding Hofstede's dimensions in the regions of Macedonia, Slovenia and Kosovo. The position Macedonia holds in this study clearly reflects its cultural environment. Therefore, regarding the power distance index, Macedonia has been ranked right below Slovenia, experiencing hierarchy as standard in organizational structure, pointing that subordinates are afraid to express disagreements with their supervisors and are rarely involved in decision making processes of the organizations. What is also important result from this study in Macedonia is that young generations are conscious of the fact that this position of collective awareness should be shifted forward, and common decision making is of high importance.

Macedonia has also been ranked lower than Slovenia in the evaluation of IDV index; however it was ranked higher than Kosovo. These results bring us to the conclusion that during the transition and post transition period culture transits from state of collectivism to notable individualism. Thus, observing Slovenia as most developed country from the sample, it is evident that it concentrated most of individualism, self-importance, concentration of leisure and higher living standard. Regarding the masculinity-femininity phenomenon, the study of Avramaska (2007), has showed that Macedonia has highest MAS Index, meaning that gender roles in the society are clearly distinct. This, however, corresponds with the high IDV Index in the country, acknowledging the fact that high individualism may not go in line with low masculinity since masculinity characteristics are the one that naturally respond to actions in individualistic society.

While analysing the uncertainty avoidance index, more precisely, the extent to which people feel threatened by uncertain or unknown situation, Macedonia has been ranked relatively high. In fact, Macedonia had shown the highest UAI compared to Kosovo and Slovenia as comparison countries. Results have shown that Macedonians very often feel stress and anxiety in their working environment. This may respond to the level of development of the countries in transition, since, on the other side, the same study have shown that people in developed societies would rather accept new challenges and risky ideas and projects, than to solely implement other's orders and tasks. According to this study, Macedonia has also been characterized as long-term oriented country, with highest LTO index among comparison countries. Macedonian culture is highly focused on importance of savings.

Concerning entrepreneurial approach, one may conclude that measuring the changes of national cultures is extremely complex and long process, therefore, recognizing and accepting core national norms and values would be crucial for adaptation of management practices at the time of new venture



performance. The cultural implications directly affect entrepreneurial orientation dimensions, mostly in terms of risk taking and risk aversion, as well as entrepreneur's motivation for innovation and presence of courage for proactive activities.

## 2. Methods

Literature indicates that the entrepreneurial culture has been long perceived as factor with negative influence to SMEs strategic position and performance. In fact, the study addresses the question how the entrepreneurial culture impacts the relationship between the five dimensions of the entrepreneurial orientation of the SMEs and their business performances. Based on this theoretical framework, we derived six theoretical propositions. The main proposition (proposition 1) is supposed to analyse founders' own views on entrepreneurial culture in North Macedonia and to contribute to this study by their own experience in the private healthcare sector. Moreover, the following five propositions examine exactly the negative entrepreneurial culture impact on SMEs entrepreneurial orientation and success and is focused more precisely on business activities as risk taking, innovativeness, proactivity, autonomous actions and competitive aggressiveness. The six derived propositions of this study are set as following:

**Proposition 1:** National culture will moderate the relationship between entrepreneurial orientation and SMEs success.

**Proposition 1a:** At conditions of unfavourable entrepreneurial culture businesses take less risk, which has negative or no influence to SMEs success.

**Proposition 1b:** At conditions of unfavourable entrepreneurial culture, businesses initiate less innovation, which has negative or no influence to SMEs success.

**Proposition 1c:** At conditions of unfavourable entrepreneurial culture, businesses act less proactively, which has negative or no influence to SMEs success.

**Proposition 1d:** At conditions of unfavourable entrepreneurial culture, business act less autonomously, which has negative or no influence to SMEs success.

**Proposition 1e:** At conditions of unfavourable entrepreneurial culture, businesses act less competitive aggressively, which has negative or no influence to SMEs success.

For the purpose of this study, we chose to apply qualitative research method, as the literature in the field of entrepreneurial orientation strategy has been continuously criticized for providing too few qualitative longitudinal studies, on behalf of the use of already established instruments mailed to wide samples when a survey research strategy has been applied (Wales, 2016; Miller, 1983; Miller, 2011). In this research we would commit to extensive field work, that means direct interviews with managers and entrepreneurs, answering carefully designed questionnaire in order to create fine-grained contribution to entrepreneurial orientation strategic posture in the specific context of developing country. Six case studies are generated based on the information gathered, intending to give explanatory answer to the stated research question. The multiple-case research strategy has been selected in order to investigate

contemporary firm's entrepreneurial behaviour. The presented six propositions have been applied in the design of the six case studies and analysis show if the stated propositions are demonstrated in each of the cases, or entrepreneurial orientation behaviours are performed differently.

During the case study design process, we follow the Yin (1983) case study design logic, which starts with identifying specific conceptual framework of the subject under research. After this initial theory development, we proceed with cases selection and data collection design and protocol. Next, we proceed by selecting six SMEs from the private healthcare sector in Republic of North Macedonia. As each individual case presents a study by itself, we conduct individual case study report for each case study respectively and then we produce a multiple case results and summary report. For each individual case the report indicates how and why a particular proposition was demonstrated or not demonstrated. Across cases, the report tends to indicate the extent of the replication logic and why certain cases were predicted to have certain results where maybe other cases have demonstrated constructing results. In this regard, the private healthcare providers included in the study follows:

**Table 1. Macedonian Private Healthcare Providers Involved in the Multiple Case Design of the Study**

Case	Type of healthcare provider	Name of the company	Interviewee partner
C1	Private gastroenterology center	SRCE	Founder
C2	Private genecology ordination	DR. LOZANKOVSKI	Founder
C3	Private dentist ordination	DENTAL COSMETIC STUDIO	Founder
C4	Private dermatological ordination	VIVI DERM	Founder
C5	Private assisted living facility for elderly	PU TERZIEVA	Founder
C6	Private canter for rehabilitation	KINEZIKA	Founder

It is important to acknowledge that the six selected cases fully meet the four study's selection criteria. Therefore, all the six companies are domestic companies which are part of the private healthcare sector, operate on the market for more than 3 years and have less than 250 employees. Namely, using N-vivo software for qualitative data analysis, first we explored propositions within cases and afterwards we explored propositions cross cases. In this way we were able see the unique experiences of the cases but also explore similarities between their unique experiences.

### 3. Results

Prior to accessing the within case and cross case analysis, the main proposition has been presented, aiming to analyse founders' view on the cultural impact in their business environment. Therefore, the main proposition that analyse the impact of moderating element of national culture to entrepreneurial

orientation-success relationship have been presented and results have been correspondingly reported. Then, we begin with within-case analysis of the propositions for elaboration and then proceed with cross-case data analysis reporting all the differences and similarities across cases. In order to examine the different experiences of the private healthcare providers incorporated in this study and to analyse whether the set propositions will prove to be true or their experience moderately differ, we approached N-vivo software analysis. Using N-vivo software for qualitative and mixed methods analysis, assisted in discovering richer insights from our cases, as well as to articulate clear and defensible findings to support our research.

### 3.1 Main Proposition Analysis

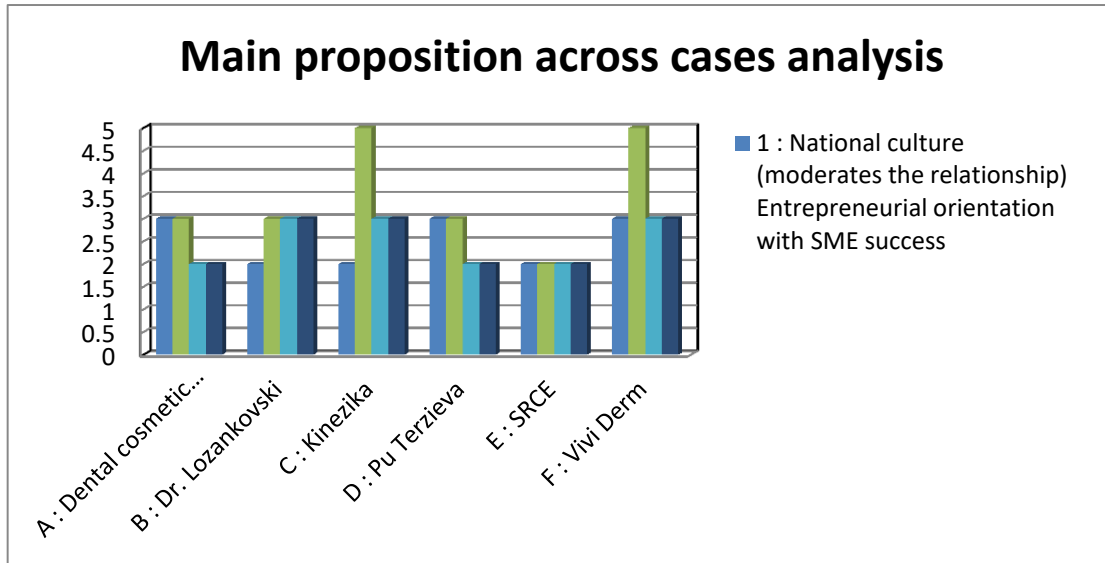
Although data supporting the influence of national culture to entrepreneurial orientation-business success relation are present across all six cases, more specifically, three out of the six cases positioned the national culture relatively higher. Namely, regarding the entrepreneurial culture in the country, Dr. Lozankovski explained:

*“Unfortunately, in general, Macedonia may not be proud of its entrepreneurial culture. However, it becomes truly evident by the fact that greatest percentages of people prefer employment in state institutions rather than being self-employed and take risk while acting. I would evaluate Macedonian entrepreneurial culture as highly risk averse.”*

Ultimately, similarly to Dr. Lozankovski, the founder of Vividerm also lends high support to unfavorable entrepreneurial culture in Macedonia by explaining further:

*“Entrepreneurial culture in the country has never been seen as supporting factor in the business development process. On the contrary, people in Macedonia are still very skeptical for investments and are generally petrified to take risks. The reasons behind this statement are closely connected to the economic instability in the country and the critical political situation. Reflecting on this, people have no courage to take risk and prefer employment in the state administration.”*

Below is the graphical presentation of the research results regarding the influence of the culture over the entrepreneurial processes in the country.



**Figure 1. Evidence Supporting Main Propositions across Cases**

### 3.2 Within Case Analysis

This section contains the within-case analysis of the study, therefore presenting the results for the sub-propositions for each of the six cases individually. The pattern for data analysis is the following. First, all five sub-propositions have been elaborated within each case, presenting the supporting evidence for each of the entrepreneurial orientation dimension (risk-taking, innovation, pro-activeness, autonomy and competitive aggressiveness). Second, the performance indicators data have been added to the elaborations of entrepreneurial orientation activities, showing the results for businesses' profitability, market share and number of employees. These indicators should complete the elaboration of the sub-proposition and to indicate whether the elaborated phenomenon has positive impact on SMEs success; or has negative or no influence to business performance position.

#### 3.2.1 Case C1-SRCE

N-vivo software for qualitative analysis assisted in coding and analysis of case C1 and delivered results for the five sub-propositions, meaning elaborating if the set relationships are confirmed or performed activities reasonably differ. Case C1 showed weak response to the negative influences of the unfavorable entrepreneurial culture to the businesses processes in the company. Regarding the five sub-propositions of *proposition 1* referring to the negative impact of the national culture on the entrepreneurial activities (risk taking, innovativeness, pro-activeness, autonomy and competitive aggressiveness), the business has experienced the following processes as existing in their operations. Ultimately, the negative impact of the unfavorable entrepreneurial culture has been completely confirmed in the patterns of risk taking and competitive aggressiveness; whereas no negative effect has been noticed on the processes of innovation, pro-activeness and autonomy in the organization. Correspondingly, the case C1 has provided sufficient evidence to support sub-propositions 1a and 1e; while no evidence has been provided to sub-propositions 1b, 1c and 1d.

At this part, we will reveal the results for the last part of propositions referring to the business performance and success. Table 1 below presents software output, where the case C1 negative success indicators are presented:

**Table 2. Case C1negative Success Indicators N-vivo Results**

	<b>C1: SRCE</b>
<b>1 : Profitability constant or decrease</b>	0
<b>2 : Number of employees constant or decrease</b>	0
<b>3 : Market share constant or decrease</b>	0

As the results show, no evidence have been provided to show or confirm negative business performance, however, meaning that the entrepreneurial culture although influential at certain business undertakings, they have not contributed to negative business performance of case C1.

Nonetheless, on a whole, although previous results of the sub-propositions 1a and 1e have showed supporting evidence that under the conditions of unfavourable entrepreneurial culture case C1 has initiated less risky activities and has not been active competitively aggressively, however, results have shown that these business actions did not contributed to negative business performance. More precisely, study results have shown that these business actions did not influence the profitability, the number of employees or the market share to shift downwards, and may not be confirmed as correct by the analysis of this study.

### 3.2.2 Case C2 – DR. LOZANKOVSKI

Data from case C2 has been coded and analysed using N-vivo software and delivered results for the twenty sub-propositions, meaning elaborating if the set relationships are confirmed to be correct, or proposed activities have been performed differently. However, no evidence was found to support the sub-propositions 1a, 1b and 1c, stating that under the conditions of unfavorable entrepreneurial culture, business take less risk, initiate less innovation or act less proactively on the market. Consequently, it seems relevant to draw attention upon the fact that case C2 has demonstrated insignificant influence of the unfavorable position of the entrepreneurial culture when certain entrepreneurial dimensions are considered, referring to innovation, risk taking and pro-activity on the market. Moreover, the full relevance of the confirmed sub-propositions 1d and 1e would be tested in the section that follows when the business success indicators would provide data for the assumed negative influence of these actions (providing less autonomy in the organization and acting less competitive aggressively) on the success position of the business.

At this part, we will reveal the results for the last part of propositions referring to the business performance and success. Table 2 below presents software output, where the supporting facts for case C2 negative success indicators are presented:

**Table 3. Case C2 Negative Success Indicators N-vivo Results**

	<b>C2: DR. LOZANKOVSKI</b>
<b>1 : Profitability constant or decrease</b>	0
<b>2 : Number of employees constant or decrease</b>	0
<b>3 : Market share constant or decrease</b>	0

Regarding the results of our study, no evidence have been provided to show or confirm negative business performance, however, meaning that the entrepreneurial culture although powerful for making certain business decisions, it has not contributed to negative business performance for case C2.

Nevertheless, although previous results of the sub-propositions 1d and 1e have showed supporting evidence that under the conditions of unfavourable entrepreneurial culture case C2 has acted less autonomously throughout the unit and has not been active competitively aggressively, however, results have shown that these business actions did not contributed to negative business performance. Namely, study results have shown that these business actions did not influence the profitability, the number of employees or the market share to shift downwards therefore eliminates the confirmation of the elaborated propositions.

### 3.2.3 Case C3-KINEZIKA

This section elaborates the results for case C3. After coding and analyzing all the relevant data from case C3, a confirmation has been reached for the sub-proposition 1e.

The confirmed sub-proposition from the group of the unfavorable entrepreneurial culture is sub-proposition 1e, which indicates that under the conditions of unfavorable entrepreneurial culture, businesses act less competitive aggressively and that negatively affects the business success performance. Thus, drawing on cultural influences on entrepreneurial insights; businesses lack motivation for enlargement and development. The reasons behind this supported fact, is explained through the statement of the founder of case C3:

*“Our vision is to keep high quality dentistry operations. The main goal behind this assumption is that we prefer to stay small in order to keep the control over the quality of service we provide, assuming that the increased quantity of operations would negatively affect the end results to our customers.”*

Ultimately, case C3 did not provide supporting evidence for confirmation of the activities in sub-propositions 1a, 1b, 1c and 1d. Consequently, the case indicates that the entrepreneurial culture in Macedonia has not contributed negatively to the risk taking activities of the business. Furthermore, the private healthcare provider has not experienced negative impact of the entrepreneurial culture on its proactive activities, as well as on its autonomy delegation throughout the organization.

So far, we have presented evidence for part of the sub-propositions moderated by the influences of the unfavourable entrepreneurial culture. In this section, we will present the results for the last part of

propositions referring to the business performance and success. The Table 3 below presents software output, where the supporting facts for case C3's negative success indicators regarding the profitability, market share and the number of employees are presented:

**Table 4. Case C3 Negative Success Indicators N-vivo Results**

	<b>A : Dental cosmetic studio</b>
<b>Profitability constant or decrease</b>	0
<b>Market share constant or decrease</b>	0
<b>Number of employees constant or decrease</b>	1

However, the power of cultural influence seemed to be relatively low, since coding results provided evidence only for one out of five sub-propositions occupying this issue.

#### 3.2.4 Case C4 – VIVIDERM

Substantive research efforts have been provided to analyze the five sub-propositions, incorporating the positions of entrepreneurial culture. Moreover, this moderator has been tested on its influence on the business activities of risk taking, innovation, pro-activeness, autonomy and competitive aggressiveness. A considerable body of evidence has been built up treating these issues in correlation with case C4, based on the data gained throughout the interview process with the founder, Dr. Batuljanu.

This section elaborates the presumed negative impact of the position of entrepreneurial culture on the risk taking, innovation, pro-activeness, autonomy and competitive aggressiveness on the business of case C4.

Furthermore, results with regard to the influence of entrepreneurial culture on the case C4 operations has demonstrated confirmation of sub-propositions 1a, 1c, 1d and 1e, while no supporting evidence have been provided to support sub-proposition 1b.

Results from the study show that under the conditions of unfavorable entrepreneurial culture, case C4 has experienced decreased level of risk taking activities, less proactive market approach, insignificant autonomy in the organization and no competitive aggressive actions. Supporting evidence for these business positions, indicate that the low level of risky activities is most often connected to strictly following the medical protocols and working under the rules of medicine based on proofs. This leads to confirmation of sub-proposition 1a, acknowledging the fact that the entrepreneurial culture has not encouraged any entrepreneurial and risky activities in the private dermatological office. Finding from the study also demonstrated that under the conditions of unfavorable culture case C4 is seldom acting proactively on the market, thus confirming the sub-proposition 1c. Regarding the autonomy in the company, the doctors gave clear insights that best results are achieved when they jointly make decisions. However, the founder's explanation that follows clearly supports sub-proposition 1e and has showed that under the conditions of unfavorable entrepreneurial culture, the autonomy throughout the

organization has been constructively affected.

*“Nevertheless, acting as specialists they certainly make decisions autonomously at many occasions. Still, many actions are set by the law with the medicine based on proofs section and by the Ministry of Health, so at some point autonomy has been naturally disordered.”*

The findings also suggest that the unfavorable entrepreneurial culture had posed a negative impact on the competitive aggressiveness of the business, therefore confirming sub-proposition 1e. The only sub-proposition that failed to receive confirmation by case C4 is sub-proposition 1b, indicating the notion that the condition of unfavorable entrepreneurial culture has not affected negatively the innovation in the private healthcare provider. While at this point we showed the results for the influence of unfavorable culture on businesses’ activities, the following section will reveal the results for the impact of these actions on businesses’ performance.

So far, we have presented evidence for part of the sub-propositions moderated by the influences of unfavorable entrepreneurial culture. In this section, we have presented the results for the last part of propositions referring to the business performance and success. The Table 4 below presents software output, where the supporting facts for case C4’s negative success indicators regarding the profitability, market share and the number of employees have been tested:

**Table 5. Case C4 Negative Success Indicators N-vivo Results**

	<b>A : ViviDerm</b>
<b>Number of employees constant or decrease</b>	1
<b>Profitability constant or decreased</b>	0
<b>Market share constant or decrease</b>	0

Success indicators results show no evidence to support the notion that the position entrepreneurial culture provides decrease or stagnation in profitability and in the position of the market share. However, negative or results of stagnation has been found in the position of number of employees, meaning that the number of employees has either decreased or stayed constant during the past three years. Therefore, regarding the results of our study, partial evidence have been provided to show or confirm negative business performance, however, meaning that the entrepreneurial culture have been powerful for making certain business decisions, they have negatively contributed to business performance of case C4 regarding the of number of employees indicator. The analysis of case C4 regarding sub-propositions 1a, 1c, 1d and 1e, meaning that the private dermatological office has experiences negative influence from the surrounding entrepreneurial culture on its risk taking, proactive, autonomy and competitive activities; therefore, it negatively affected its performance position.

### 3.2.5 Case C5-TERZIEVA

This section focus on the analysis of the five sub-propositions incorporating the position of



entrepreneurial culture. The interview with the founder of case C5, Ms. Terzieva, provided sufficient data for case elaboration which was later incorporated in the qualitative analysis software. Regarding the five sub-proposition of proposition 1, referring to the negative impact of entrepreneurial culture on the business entrepreneurial activities and performance, case C5 revealed similar results to other cases of elaboration. In fact, after coding and analysing data from case C5, supporting evidence has been provided only for one out of five sub-propositions.

More specifically, the findings showed that the unfavourable entrepreneurial culture had negative impact on the competitive aggressiveness of the company. Since the company does not take any aggressive actions towards competitors and presents no specific reasons behind this action, it may be concluded that it is result of general surrounding cultural circumstances. Regarding the issue of competitive aggressiveness, the founder has elaborated throughout the interview:

*“We are constantly screening the market, but no concrete steps are taken to aggressively attack towards other’s market share. We invest in team advancement and in improving condition for our patients. Sophisticated and comfortable accommodation with highest quality service is what brings us an outstanding competitive advantage on the market. In fact, we are dedicated to own development and expansion, and that is the way in which we overtake patients from other private nursing homes.”*

The section that follows presents the success performance indicators and will show if the presented entrepreneurial orientation actions had negative influence on the success position of case C5.

Results from case C5 seem to bear the notion that the private nursing home is reluctant to negative influences of the position of unfavorable entrepreneurial culture. Since supporting evidence has been presented only for one sub-proposition, showing that the unfavorable entrepreneurial culture had negative effect over the competitive aggressiveness of case C5, evidence for the negative success position of the company have also be tested. Namely, the Table 5 that follows shows the results for testing the three success indicators of case C5 for their negative or constant position:

**Table 6. Case C5 Negative Success Indicators N-vivo Results**

	<b>A : Pu Terzieva</b>
<b>Profitability constant or decrease</b>	0
<b>Number of employees constant or decrease</b>	0
<b>Market share constant or decrease</b>	0

In fact, as it is evident from the presented results in the table, no evidence has been found to confirm the fact that case C5 has negative or constant success trends. Therefore, even though the entrepreneurial culture may have contributed to decline the level of competitive aggressiveness, it has not contributed to negative business performance of case C5.

### 3.2.6 Case C6-KINEZIKA

Assisted by the N-vivo software for qualitative analysis we proceeded with coding and analyzing data of case C6 and delivered results for the five sub-propositions, meaning elaborating if the set relationships are confirmed to be correct, or activities have been performed differently. The results of the case C6's response to the tests of the five sub-propositions (referring to risk taking, innovation, pro-activeness, autonomy and competitive aggressiveness) under the circumstances of entrepreneurial culture follow.

Generally, results from case C6 regarding the negative influence of the position of entrepreneurial culture, seem to bear the notion that this factor does not have any impact on C6's business activities. Moreover, the research showed no support to any of the sub-propositions of proposition 1 that reflect the influence of the entrepreneurial culture on business activities connected to the entrepreneurial orientation dimensions and referring to risk taking, innovation, pro-activeness, autonomy and competitive aggressiveness. Consequently, case C6 showed to work in isolation of the unfavorable entrepreneurial culture and it has no significant influence on its activities and performance.

Since the factor of entrepreneurial culture showed no influence over the company's activities regarding the five entrepreneurial orientation dimensions, we assume that this factor has no influence over company's performance either.

### 3.3 Cross Case Analysis

Previous sections presented the examination of the five sub-propositions on a single-case level, therefore conceptualizing the within-case analysis. In fact, the five relations we have identified between the five entrepreneurial orientation dimensions (risk taking, innovativeness, pro-activeness, autonomy and competitive aggressiveness) and the business success of the selected private healthcare providers have been examined under the influences of unfavorable entrepreneurial culture. Extensive research efforts have been needed to provide the detailed within-case analysis and to decide on the credibility of the set sub-propositions based on the coded data from the cases. Sub-propositions that have been supported by sufficient evidence have been outlined as true and confirmed. At this point, a cross-case analysis follow, that would examine, detect and compare the similarities and differences of these patterns across the six cases. For that purpose, following the results of the within-case analysis, each of the set sub-propositions would be separately examined and compared across cases in order to determine if the literal replication has been assured.

Contrary to the expected findings, the impact of entrepreneurial culture on the entrepreneurial orientation activities has shown to be almost insignificant. In essence, the study failed to secure replication of results for any of the set sub-propositions. In fact, sub-proposition 1a, indicating that at conditions of unfavourable entrepreneurial culture businesses take less risk which has negative or no influence to SMEs success has been supported only by case C4. In relation to this, case C1 has explained that the unfavourable entrepreneurial culture affects its risk taking activities, however, the study failed to connect this position with negative performance results. Moreover, no case conceded

that the unfavourable entrepreneurial culture had provided negative influence to its innovative activities and success, correspondingly. The findings clearly suggest that private healthcare businesses are not sensitive to the negative impact of the entrepreneurial culture when proceeding with innovative activities. Moreover, the negative cultural impact on the pro-activeness and autonomy of the businesses presented through sub-propositions 1c and 1d, has been also supported only by case C4, indicating that the private office is seldom acting proactively on the market, since competition is high, and no additional trigger has motivated the company to take more advanced proactive stance. However, the negative entrepreneurial culture has provided greatest impact on the competitive aggressiveness of the companies. In fact, these negative effects have influenced the activities of five of the six elaborated cases, although its negative effect on the performance indicators has been confirmed only in case C3 and case C4. Supporting facts to this thesis are numerous. For instance, the founder of one of the cases has explained that they prefer to stay small in order to keep the control over the quality of service they provide, assuming that the increased quantity of operations would negatively affect the end results to customers. Another case has indicated that they have always attempt to work sound and peacefully, rather than act competitively in a manner to confront bigger players in the field. Findings show that private healthcare businesses focus primarily on the medicine segment of their company, rather than on the business side of the same, therefore, conflicts and competitive actions are not part of their strategic planning.

Nonetheless, on the whole, founders from all the six cases have experienced relatively low negative cultural impact on their entrepreneurial undertakings regarding risk taking, innovation, pro-activeness and autonomy within the organizations. However, the cultural impact on the competitive aggressiveness of the business has shown to be most dominant over companies' activities, however, still, not so influential to final performance results.

#### **4. Discussion**

The unfavourable entrepreneurial culture is assumed to have negative impact on entrepreneurial orientation activities (risk taking, innovativeness, pro-activeness, autonomy and competitive aggressiveness) and business performance results, correspondingly. Conceptualization of theoretical framework that analyses the entrepreneurial orientation dimensions and their effects on business performance in specific context of developing countries has made introduction of cultural elements essential. Entrepreneurial culture was found to be important factor in all the stages of entrepreneurial processes, especially during the start-up period. The negative role it has on the business operations has been supported by plethora of empirical and theoretical evidence. Moreover, backed up by such a reach theoretical background, the propositions of this study concerning the entrepreneurial culture issue, (2a-2e), propose that at the conditions of unfavourable entrepreneurial culture businesses take less risk, initiate less innovation, and act less proactively, less autonomously and less competitively aggressive. This section elaborates the research results referring to entrepreneurial culture moderating effects.

At this point, it is especially important to distinguish the two stages of the overview of obtained results. First, data from the interviews with the founders have shown that companies' environment have been highly sceptical and unsupportive while the start-up processes of the ventures. Almost all elaborated cases have confirmed this notion. Additionally, founders have also faced certain warnings from families and friends, guided mainly by previous people's unfavourable business experience and failure or simply as advices for risk awareness during the infant period. Moreover, four out of six cases have point to people in their environment as highly risk averse and risk intolerant. They further add that people in Macedonia are still very sceptical for investments and are generally petrified to take risks. Namely, only one of the cases revealed a noticed change in the entrepreneurial culture pointing that people have learned to accept risk and are more aware that entrepreneurship is complex phenomenon and building business success takes time and patience. This low level of surrounding business support as well as the economic instability in the country and the apathetic political situation, made state employment more acceptable for Macedonian citizens. These results certainly make our decision to include entrepreneurial culture as part of our theoretical framework fully justified.

However, the results from the study that elaborated the actual entrepreneurial culture influence over business activities, and therefore business results, seem to bear a totally different notion. In fact, contrary to the expected findings, the impact of entrepreneurial culture on the entrepreneurial orientation activities has shown to be almost insignificant. In essence, the study failed to secure replication of results for any of the set sub-propositions concerning the negative cultural influence. The findings of this study clearly suggest that private healthcare businesses are not sensitive to the negative impact of the entrepreneurial culture when proceeding with risk taking, innovativeness, pro-activeness and autonomous activities. However, the negative entrepreneurial culture has provided greatest impact on the competitive aggressiveness of the companies. Although almost all of the cases have confirmed this notion, negative consequences over performance results have been noticed only at two of the selected businesses. The negative influence of entrepreneurial culture over the competitive actions of the businesses has been perceived through their willingness to work sound and peacefully, rather than act competitively in a manner to confront bigger players in the field; or through their preference to stay small and sustain control of the business. Moreover, these results may bring us to conclusion that private healthcare businesses in Macedonia focus primarily on the medical segment of their company, rather than on the business side of the same. This lack of business focus would certainly have negative impact over business development and performance on a long run, which may be a perfect avenue for some further empirical research.

Previous studies has shown that national culture has an important moderating effect of entrepreneurial processes and performance relationship (Hofstede et al., 2002; Trompenaars & Hampden-Turner, 1997; Runyan et al., 2012). The culture signifies a strong determinant of entrepreneurial growth, and is identified as one of the major elements in national entrepreneurial ecosystem. Adding the fact that cultural influence on entrepreneurial processes differs among countries strongly justify our decision

entrepreneurial culture to be eminent component of the theoretical framework for conducting of this study in a specific context of developing country's circumstances. In fact, results from this study regarding entrepreneurs' view on the surrounding entrepreneurial culture show consistency with previous literature explaining that entrepreneurial culture has negative effect over entrepreneurial processes in developing countries. Often this negative influence has been evident at the just beginning of the business operations or at the obstacles for business start-ups as culture supports more state and safe employment. People preference for employment in state institutions rather than being self-employed have widely been elaborated in the entrepreneurship literature, often together with the motivational factors for business start-up (Buttner & Moore, 1997; Eijdenberg & Masurel, 2013). Although previous literature is rich with studies confirming the importance of entrepreneurial culture for entrepreneurial processes and entrepreneurial growth, there is a lack of studies showing how entrepreneurial culture actually affects business processes and performance. In this sense, our study presents perfect fill of the detected gap in the literature, introducing surprising and interesting results. Based on the literature review, therefore indicated in the theoretical framework of this study, entrepreneurial culture in developing countries is expected to have negative influence over the businesses' risk taking, innovative, proactive, autonomous and competitive aggressive activities. Nevertheless, our research has provided totally surprising results, pointing that the influence of entrepreneurial culture over entrepreneurial orientation dimensions has been almost irrelevant. A minor impact has been detected over the activities of competitive aggressiveness; however, all the sub-propositions predicting negative influence over the risk taking, innovation, pro-activity, autonomy and competitive aggressiveness have failed to reach replication of results among the six cases. Our findings failed to confirm the negative aspect of the entrepreneurial culture indicated in previous studies, mostly in terms of risk taking and risk aversion, as well as entrepreneur's lack of motivation for innovation and absence of courage for proactive activities (Avramaska, 2007; Lee & Peterson, 2000). The evolving process of the entrepreneurial culture is another important issue that should be specifically observed, since it is often implicit in the literature that national cultures evolve and change over time, just as transition processes change and advance in economic and entrepreneurial terms.

To conclude, the surprising results come on the side of the assumed negative influence of the position of the unfavourable entrepreneurial culture. However, while the results indicate that majority of the interviewed entrepreneurs expressed concern about the environmental support during the process of start-up; the elaboration of the sub-propositions that elaborate how this negative force influences entrepreneurial orientation and contribute negatively to firms' results, failed to confirm replication of any of the predicted patterns. In fact, contrary to the expected results, entrepreneurial culture in developing countries has not stopped founders to assure funding for their start-ups; nor has stopped them to invest additionally in different kinds of innovation or to move toward proactive market activities. Moreover, results with regard to the unfavourable entrepreneurial culture also outline that this position of cultural influence has not prevented doctors from starting their own companies in the

healthcare industry in Macedonia. Following this argument, a reasonable answer to this issue would be further research among individuals in developing countries, so conclusions might be drawn if the unfavourable entrepreneurial culture actually prevents individuals to become entrepreneurs.

Overall, results from the study revealed that the entrepreneurial culture although identified as negative influencer to businesses in developing countries; has failed to confirm this role in the actual testing of its influence on businesses risk taking activities, innovativeness, pro-activeness, autonomy and competitive aggressiveness of the businesses. The findings also suggest that these negative cultural perceptions toward entrepreneurship connected to risks and innovations might be more part of people's mind-set and beliefs, rather than actual existing factor.

Regarding healthcare managerial practices, the study provides some practical context-specific implications that might guide managers in structuring entrepreneurial strategies and better accommodate to local conditions. The observed increasing needs for private healthcare services in the country certainly adds value of these practical recommendations. The first implication for entrepreneurs in the private healthcare sector is to break the cultural stigmas toward the entrepreneurship in developing countries and revise its impact on their businesses. It is evident in the study that although almost all of the participants have outlined entrepreneurial culture as incredibly unfavourable and business-unsupportive, still, the consequences of this position to business activities and corresponding business outcomes have shown to be insignificant. Entrepreneurs should eliminate the inherited cultural norms and beliefs and more carefully monitor the current position of the culture that surrounds them. In fact, entrepreneurs should also be aware of the evolving nature of the culture during the process of transition and development of the country.

This study has relied on literal replication while analysing data from the six case studies, which was provided for part of the analysed propositions. Additional research efforts would be necessary to generate a theoretical replication of the studied phenomenon by analysing new ways of cases with contrasting propositions.

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