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The Role of Organizational Culture in Promoting Entrepreneurship within Saudi Companies

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Abstract

Entrepreneurship (or corporate venturing), which means entrepreneurial activities at the level of an established organization, has been recognized as an important element in organizational and economic development and performance. Entrepreneurship has been gaining strategic importance due to its impact on the organizational process that contributes to firm survival and performance. Recent studies showed that organizational culture is one of the important explanatory variables of entrepreneurship. Despite increasing studies, little is known about the cultural elements that foster an organizational culture conducive to entrepreneurial activity. To address these concerns and promote further research, this research aims to investigate the role of organizational culture that might enhance entrepreneurship in Saudi companies. This research will use the quantitative research method, which examines the phenomenon as it exists in reality by surveying the opinions of the study sample through questionnaires. The research sample will be randomly selected and will consist of 100-150 male and female managers in different Saudi companies.

Keywords: Entrepreneurship, organizational culture, Saudi companies, entrepreneurial activities

الملخص

تُعتبر قيادة الأعمال (أو المشاريع المؤسسية)، التي تعني الأنشطة الريادية على مستوى المؤسسات القائمة، عنصرًا هامًا في التنمية والأداء التنظيمي والاقتصادي. وتكتسب قيادة الأعمال أهمية استراتيجية نظرًا لتأثيرها على العملية التنظيمية التي تُسهم في استمرارية الشركات وأدائها. وقد أظهرت الدراسات الحديثة أن الثقافة التنظيمية تُعدّ أحد المتغيرات التفسيرية المهمة لريادة الأعمال. ورغم تزايد الدراسات، لا يُعرف الكثير عن العناصر الثقافية التي تُعزز ثقافة تنظيمية مُواتية للنشاط الريادي. ولمعالجة هذه المخاوف وتشجيع المزيد من البحث، يهدف هذا البحث إلى دراسة دور الثقافة التنظيمية في تعزيز ريادة الأعمال في الشركات السعودية. سيستخدم هذا البحث منهج البحث الكمي، الذي يدرس الظاهرة كما هي في الواقع من خلال استطلاع آراء عينة الدراسة عبر الاستبيانات. سيتم اختيار عينة البحث عشوائيًا، وستكون من 100-150 مديرًا ومديرة في شركات سعودية مختلفة.

الكلمات المفتاحية: ريادة الأعمال، الثقافة التنظيمية، الشركات السعودية، الأنشطة الريادية.

1. Introduction

Stakeholders may benefit from a deeper understanding of corporate culture and its overall progress as a result of the increased interest in the topic. The set of beliefs and values that are common among the members or employees of a company is known as its organizational culture. Implementing strategies that will benefit the organization requires a thorough understanding of organizational culture. The interest of many businesses in creating, disseminating, recognizing, and using knowledge in a more methodical manner helps to improve and raise the overall usefulness of the company. In a similar vein, culture can either increase or decrease efficiency. "Surface practices" that are intentionally carried out at work are referred to as organizational culture (Alotaibi & Campbell, 2022).

In the quickly evolving corporate world of today, entrepreneurship and organizational culture are important success factors. The common values, beliefs, customs, and behaviors that give an organization its distinct identity and personality are referred to as its organizational culture. Organizational innovation, on the other hand, is the process of implementing novel concepts, goods, services, or procedures that boost competitiveness and provide value. Organizations looking to thrive in fast-paced, cutthroat markets must comprehend the connection between entrepreneurship and organizational culture (Alateeg & Alhammadi , 2024).

Saudi Arabia's Vision 2030, which was created between 2016 and 2020, aimed to boost productivity by establishing important legislative reforms and creating initiatives that would directly impact its people. A dynamic society, a thriving

economy, and a solid foundation for economic prosperity are the three pillars of Vision 2030, which is regarded as an unprecedented social and economic reform that embodies "what is effectively a cultural revolution" and aims to shift Saudi Arabia from a primarily state-driven to a market-driven economy. The Saudi Arabian government has privatized its businesses and infrastructure as part of this strategic strategy to boost employment by creating human capital that meets the demands of the labor market and guaranteeing equal access to employment opportunities (Alotaibi & Campbell, 2022).

In recent years, Saudi Arabia has worked to diversify its economy and move away from a reliance on natural resources and toward a knowledge-based economy. One of the main tenets for Saudi economic planners and leaders is the emphasis on developing human capital and creating a knowledge-based economy. Saudi Arabia's aspirations for economic diversification across various companies are mostly driven by organizational culture and entrepreneurship. To prepare for the future depletion of oil resources, the objective today is to make Saudi Arabia a global leader in organizational culture and entrepreneurship (Yusuf & Atassi, 2016).

2. Research Problem and Questions

One of the most important elements for encouraging corporate entrepreneurship is organizational culture, which has recently garnered more attention from researchers (Alsolamy, 2023). Despite increasing studies, little is known about the cultural elements that foster an organizational culture conducive to entrepreneurial

activity. Diverse and perhaps contradictory theoretical predictions and empirical observations define the current level of knowledge. Furthermore, it is challenging to extract practical managerial action propositions that will benefit both practitioners and theorists due to the complicated and contentious nature of organizational culture (Almayee, 2025). To address these concerns and promote further research, this research aims to answer the main question: **“What is the role of organizational culture that might enhance entrepreneurship in Saudi companies?”**

And the main question is branched into the following sub-question:

- What are the determinants of enhanced entrepreneurship in Saudi companies?

3. Aim and Objectives

This research aims to **“investigate the role of organizational culture that might enhance entrepreneurship in Saudi companies.”**

And the main goal is branched into the following sub-objective:

- Investigate the determinants of enhanced entrepreneurship in Saudi companies.

4. Research Significance

The importance of this research lies in the following:

Theoretical significance:

- This research aims to enrich the information base related to Arab libraries in general and Saudi libraries in particular.
- Since this research provides a means of collecting data that has been verified for validity and reliability, it is hoped that researchers in this field will benefit from it.
- Given the theoretical literature and previous research it provides, it is expected that this research will serve as a starting point for additional research in administrative and economic circles.
- The importance of this research lies in its demonstration of a link between organizational culture and entrepreneurship.
- Few studies have been conducted to determine the role of organizational culture in promoting entrepreneurship in Saudi companies, so this research aims to fill this gap.

Practical significance:

- The use of organizational culture by Saudi company managers.
- This research will be beneficial to Saudi companies and the Ministry of Economy, informing them of how to implement organizational culture in their companies, thus benefiting the Kingdom.

- The importance of this research also lies in its shedding light on entrepreneurship. The results of this research will help business managers improve and increase the effectiveness of their management tasks.

5. Literature Review

5.1 Organizational Culture

There are many different ways to define corporate culture. According to some scholars, an organization's culture consists of the particular values, customs, values, and practices that make it unique (Alotaibi & Campbell, 2022). Others view organizational culture as a process by which a designated group or team creates, develops, or discovers general assumptions. To define the interconnectedness of all employees in achieving organizational goals through collective efforts, the majority of corporations use the phrase "organizational culture." These presumptions make an effort to map the problems of outward adaptation and internal integration that are thought to be feasible to execute. Therefore, they must be shared with others so they can investigate, observe, and evaluate them (Zhang, Zeng, Liang, Xue , & Cao, 2022).

Examining the essential components, organizational culture determines the rationale behind and methods for decision-making and execution. It is possible to characterize culture as either facilitating or impeding activity. Numerous factors,

including employee personalities, have been presented by researchers as determinants of organizational culture. However, the collective personality of a corporation does not determine its culture. Another important consideration is an organization's history. Collective processes that unite the group and create productive relationships inside the organization take place when employees work together to accomplish a purpose or designated goal (ALMAIMAN & MCLAUGHLIN, 2018).

A set of common fundamental beliefs that the organization developed while resolving its issues with internal integration and outward adaptation has shown to be effective enough to be accepted as legitimate and, as a result, taught to new members as the proper way to view, consider, and feel about those issues. There is agreement among the definitions (Aldhehayan, A., & Tamvada, J. P, 2023). Regardless matter what is being communicated, the definition's most relevant word is "sharing." Therefore, shared beliefs, presumptions, concepts, customs, and modes of thought that set various groups of individuals apart could be characterized as organizational culture. It is also the essential component that distinguishes every social group or group of people (Alateeg & Alhammadi , 2024).

Understanding an organization's culture is certainly crucial since it influences how people act. A comprehensive assessment of the literature revealed that there were several definitions of OC. Although there is consensus over the group values, views, practices, and assumptions that direct members of the organization in their daily work activities, it is challenging to interpret because it contains "values,

beliefs, and assumptions" that are difficult to quantify. As the organization worked through its issues of internal integration and external adaptation, it developed a pattern of fundamental presumptions that are effective enough to be taught to new members as the proper way to view, consider, and feel about those issues (Ahmad, 2019).

According to the functionalist paradigm, the cultures of all businesses have the same purposes: they give organizational members a sense of identity and affect behavior, including choices about the adoption of digital technologies. New technologies may therefore change behavior and affect corporate culture. Furthermore, the OC is considered a unique and unique organizational skill (Arz, 2017). The literature claims that behaviors/artifacts, behavioral norms, and core concepts are the three layers that define organizational culture; these levels are inseparable. The most obvious and conscious level is the artifact. It might be difficult to distinguish between ownership and management in SMEs. The owner-manager has an impact on the company's strategic approach, values, and culture. Because tiny people are often bound together by like values and ideas, small businesses tend to have a more natural culture than giant ones. One of the top priorities should be to change the corporate culture of SMEs (Abdullah, Musa, & Azis, 2017).

A group's culture is a collection of common meanings that enable its members to understand and respond to their surroundings. A "combination of artifacts (also called practices, expressive symbols, or forms), values and beliefs, and underlying

assumptions that organizational members share about appropriate behavior" is the standard definition of organizational culture. The existence of a defined organization, where a large number of individuals interact with one another to achieve a specific objective within a specified setting, is essential to the existence of organizational culture. Business and operational performance may be impacted by the atmosphere that an organization's culture creates (YILDIZ, 2014).

5.2 Entrepreneurship

Over the past few years, entrepreneurship has been the subject of research. Entrepreneurs need to possess the necessary traits to compete in a highly competitive market. These traits, which together are referred to as entrepreneurial orientation, include creative thinking, a willingness to take calculated risks when making judgments, and a proactive attitude toward the shifting market. The entrepreneurial mindset of the company's employees and leadership determines the success of both new and established businesses. The multifaceted concept of entrepreneurial orientation mostly pertains to procedures, methods, and decision-making (ALOULOU & Alothman, 2020).

Entrepreneurs must thus be able to apply their prior knowledge and educate themselves to develop better strategies. Having an entrepreneurial mindset aid in creating a competitive strategy. Being successful in business also involves practices like creating a plan and avoiding risks by making smarter decisions. The

degree to which an entrepreneur pays attention to their surroundings, learns from them, and acts upon that knowledge is up to them. Information gathering from the environment is typically done in groups rather than alone, and it is heavily influenced by the culture that an organization exhibits (Almayee, 2025).

Members of the organizational system engage with one another and their environment to gain knowledge to become entrepreneurially minded. The public and private spheres have an impact on each member's thought process and cognition, which shapes the organization's culture (ALOULOU & Alothman, 2020). The policies and operating procedures that are currently in place inside the business also have an impact on its culture. Individuals' thought processes and behaviors are influenced by the organization's established policies and operational procedures. When considering organizational culture in a broader sense, it involves the development of dyadic relationships between people and policies or operational processes, wherein both people and organizational policies influence one another. Because of this, the organization is a complex system in which interactions between people and the system can dynamically shape organizational culture. In these situations, studying the organizational culture becomes essential to assessing an organization's performance (Abdullah, Musa, & Azis, 2017).

The demands of the market constantly alter the corporate environment. Companies look for fresh chances. Entrepreneurial orientation refers to an organization's ongoing motivation to manage business unpredictability and continuously look for new opportunities. The ability of entrepreneurs to make

decisions is what drives their entrepreneurial activities and produces new products and services. It could steer the company in the direction of or away from equilibrium. Experience may cause an entrepreneur's orientation to shift over time; the more experience an entrepreneur has, the more orientated they will be (Arabeche, 2022). The recently established company may lack an entrepreneurial mindset, which makes it more difficult for them to spot and seize opportunities. However, the more seasoned company might be more adept at seeing opportunities, which would make them more entrepreneurially minded. When supply and demand are in balance, an entrepreneur can easily identify opportunities. The entrepreneur must generate one of the sides if either the supply or the demand is lacking. In the absence of either supply or demand, the entrepreneur must create both to create the opportunity. Therefore, entrepreneurial orientation makes it possible for the entrepreneur to recognize opportunities for the organization's steady growth and performance (YILDIZ, 2014).

The foundation, advice, and tools for seeing chances for success are the creative and inventive skills of entrepreneurship. Entrepreneurship is a fresh approach to a company's performance, and certain management literatures offer three aspects of organizational propensity for the entrepreneurial management process: innovation ability, risk-taking ability, and proactive nature. The business must undoubtedly react favorably to this as it attempts to recover from the economic slump brought on by a protracted crisis (Ahmad, 2019).

The "spearhead" for achieving sustainable and fiercely competitive economic growth for the business is said to be entrepreneurship. One of the four pillars of job strengthening is thought to be fostering entrepreneurship. The term "entrepreneurship itself, on the other hand, describes a human endeavor that involves physical or mental effort to generate or attain work that can realize honorable human beings. To put it another way, entrepreneurship refers to a person's ability to create jobs for himself or others. Entrepreneurs are those who pursue entrepreneurship. An entrepreneurial orientation that demonstrates the capacity for invention, initiative, and risk-taking may be connected to how entrepreneurial attitudes are used (YILDIZ, 2014).

Another sign that someone is applying an entrepreneurial perspective on a personal level is their proactive pursuit of success. Similar to this, a corporation is engaging in entrepreneurial activities that will inevitably promote high performance when it emphasizes being proactive in its business operations. In this age of transformation, entrepreneurial marketing is a single, cohesive idea. The practice of proactively identifying initiatives to achieve and sustain consumer advantages through creative methods to risk management, resource efficiency, and value creation is known as entrepreneurial marketing (ALOULOU & Alothman, 2020).

5.3 The Role of Organizational Culture in Enhancing Entrepreneurship within Saudi Companies

The conduct of employees and how they interact with one another within the company are factors that affect organizational culture. It is fascinating to observe how various corporate cultures support their growth in various ways because studies offer reliable information about the cultural perspective in the organizations. The behaviors, practices, and conventions of an organization are commonly referred to as its organizational culture (Alateeg & Alhammadi , 2024).

The relationship between EO strategy and OC is supported by numerous recent studies that show the EO strategy significantly affects SME culture. OC is therefore acknowledged as a crucial precursor of entrepreneurial decision making in entrepreneurship studies. The ability of managers to take chances, fostering creativity, employees' involvement in creating an innovative culture, managers' and employees' accountability for their actions, and letting employees pursue their interests and use their special talents are some of the six types of attitudes that must be present to create an innovative culture (Abdullah, Musa, & Azis, 2017).

By supporting and fostering entrepreneurial endeavors, organizational culture is seen as a vital strategic asset that can give a business a competitive advantage. The flexibility-discretion of action dimension has an impact on EO because it gives workers freedom and autonomy, which enables them to develop new mindsets, innovative methods of working, creating, and thinking creatively, increased idea sharing, and entrepreneurial behavior. Organizational culture is a

critical precondition for entrepreneurial decision-making in the same setting, according to entrepreneurship research. Additionally, it is provided when EO may or may not show up (Zhang, Zeng, Liang, Xue , & Cao, 2022).

Additionally, in an organizational context, innovation is often demonstrated by particular activities like learning, sharing information, and experimenting—all of which are ultimately linked to a tangible action or outcome. To ensure that the intensity and consistency of creative behaviors are reinforced across the organization's numerous locations, administrative units, and employees, innovative organizations are thought to include an innovation orientation into their organizational culture (Arabeche, 2022).

The various global economies are currently facing serious problems with employment and the environment. To address these problems, entrepreneurship is essential to overcoming these formidable obstacles. By generating jobs, resolving environmental problems, and promoting social and economic advancement, sustainability in entrepreneurship offers great value. It is unquestionably one of the useful instruments that safeguard the environment, the economy, and society (Alfawzan, Tamvada, & Pereira, 2024). Entrepreneurial sustainability is a phenomenon that examines various factors, including business, behavior, human behaviors, and the environment and surroundings. More precisely, it engages in social consciousness, environmental sustainability, policies, environmental regulations, profits, business management, unity, leadership, and reputation, all of which substantially impact the economy's ability to support sustainable

entrepreneurship. Therefore, it is imperative to look at people's objectives about sustainable entrepreneurship (Abdullah, Musa, & Azis, 2017).

5.4 The Determinants of Enhanced Entrepreneurship in Saudi Companies

According to Almayee (2025), in Saudi Arabia, numerous studies have been carried out to look at various issues. Examples from several researchers who looked into the difficulties in fostering entrepreneurship in Saudi businesses are included in this section:

Insufficient Financial Assistance

An essential component of a company is economics. Any startup may encounter financial difficulties at different phases and for a variety of reasons. For instance, when bootstrapping, the creator talks to friends and family to persuade them to contribute to his venture. He needs business, and as he is just starting, he may want financial assistance to grow it. Additionally, the founder seeks out angel investors during the seed stage and persuades them with rational value projections. To benefit from venture financing, businesses need therefore create a plan and supporting documentation throughout the creation phase. Money is necessary to guarantee success in each of the aforementioned phases.

Human Resources

Typically, an enterprise begins with one or more originators. The founder eventually wants other professionals to work on the model and MVP. After that, he

must consult with others, form a team or group, and then hire employees. The success of startups depends on this procedure. Therefore, the startup may fail because of human resource management problems if the entrepreneur is not knowledgeable enough in this area and is not able to manage people.

Mechanism of Support

Many support systems are essential to a startup's life cycle. These support systems include project capital, company development centers, science, technology, accelerators, supporter investors, and incubators. Therefore, the probability of failure is increased when such support factors are absent.

Environmental Factors

Lack of environmental factors, such as market hurdles, legal concerns, and current trends, causes many firms to fail. Furthermore, it is significantly more crucial and challenging for startups than for well-established companies.

Maintaining Records

A lot of small enterprises don't maintain proper records. This leads to serious issues and may even lead to the company's demise. According to the facts, maintaining accurate records contributes to the expansion of business sustainability potential. The managers or founders of small and medium-sized businesses should be directly involved in maintaining records. Maintaining accurate records foresees future opportunities and guarantees the company's long-term viability.

Additionally, the foundation of any business is its micro and small business recordkeeping. A profitable firm is the result of maintaining correct records.

Absence of assistance from the private sector

The Saudi government gave the incubators a lot of help. Statistics show that the government supports the incubators to the tune of more than 50%. Even if this is commendable, it also shows how little the private sector is doing to support Saudi entrepreneurship. The fact that the American economy was founded by entrepreneurs with dependable private sector support helps to better explain the challenge. To support the growth of startups in the area, the private sector must share information and knowledge. This is necessary in addition to providing funding and a location for the emerging businesses.

6. Methodology

This research will use the quantitative research method, which examines the phenomenon as it exists in reality by surveying the opinions of the study sample through questionnaires. The research sample will be randomly selected and will consist of 100-150 male and female managers in different Saudi companies. Gender, years of experience, and academic level will be taken into consideration for each individual in the study sample. The researcher will develop the study tool (questionnaire) to collect information related to this study. This tool measures the challenges in enhancing entrepreneurship within Saudi companies.

To verify the validity of the study tool, the SPSS validity method will be used. To ensure the stability of the research tool, the reliability coefficient will be calculated using the internal consistency method according to the Cronbach's alpha equation (Alpha-Cronbach), which measures the degree of consistency in the research sample members' responses to the items in the questionnaire. Approval will be obtained from a specialized committee at the Ministry of Economy before beginning the survey of the study sample. The research sample will be given absolute freedom to participate or refuse, and all answers and personal data of the study sample will be kept strictly confidential.

7. Conclusion

The possibility that employees will develop these qualities increases with the strength of the company culture. As this chapter has pointed out, Saudi Arabia is going through a significant transition toward modernization and competitiveness on many levels, including social, cultural, and economic. Saudi Arabia is an emerging economy with a wide range of potential, according to official assessments and rankings. This is especially true given the country's expanding youth population and the redefining of priorities to meet Vision 2030's objectives. Saudi Arabia is attempting to enhance its business environment by implementing various initiatives and practices to facilitate business operations, making the Saudi market more favorable for entrepreneurial activity, as evidenced by the numerous articles and reports published by reputable and well-known organizations and



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scholars. Without a doubt, for the Saudi business environment to function by international norms, some improvements are necessary.

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