

LEADERSHIP AND ENTREPRENEURSHIP IN CHINA: THE ROLE OF ORGANISATIONAL CULTURE AS A MODERATOR IN THE PERFORMANCE OF SMALL AND MEDIUM-SIZED ENTERPRISES.

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ABSTRACT

This paper's overarching goal is to use organisational culture as a lens through which to examine how leadership and entrepreneurship have contributed to the expansion of China's SMEs. Recognising the elements that affect the performance of SMEs is crucial to China's economic growth because of the importance of SMEs. Good leadership and an entrepreneurial spirit are well-known to have a significant impact on executive decision-making, product development, and overall business strategy. We still don't fully understand how organisational culture links these factors to performance outcomes. The sample of Chinese SMEs included in this quantitative study comes from a variety of industries. Analysing how leadership that takes the initiative, encourages innovation, and is willing to take risks affects company culture and performance. Leadership and entrepreneurship have a multiplicative effect on company performance because they mould company culture. When leadership and entrepreneurship thrive in a setting that values innovation, collaboration, and adaptability, their positive effects are easier to see. In addition, research shows that when it comes to fostering great company cultures, transformational leadership works better than transactional leadership. By prioritising innovation and calculated risks, an entrepreneurial mind-set may help businesses become more agile and competitive. Management, lawmakers, and businesspeople may benefit from this study's consideration of how to maximise policies that support the growth of SMEs. The mediating role of company culture is highlighted in the research. Small and medium-sized enterprises may survive longer and perform better if their organisational culture is conducive to strong leadership and entrepreneurial activities.

Keywords: China, Mediating Variable, Leadership, Organisational Culture, Small and Medium Enterprises, Performance.

INTRODUCTION

The company's culture is playing an increasingly important role in determining the success of China's Small and Medium Enterprises (SMEs), as entrepreneurial zeal and

strong leadership are driving these businesses. In China's economy, SMEs provide both opportunities and problems. In such a setting, entrepreneurial spirit, a competitive edge, and ongoing expansion are defined by bold leadership and novel approaches. While strong leadership does impact an organization's trajectory, it is the entrepreneurial spirit that drives people to be adaptable, creative, and innovative. The most significant factor in this respect are the shared beliefs, practices, and values that make up the company's culture. A number of factors, including customer happiness, morale, and productivity, may benefit from the encouragement of a robust and positive company culture. If employees could align their efforts with the company's primary goals, the company would have a much better chance of succeeding. The expansion of small and medium-sized enterprises may be hindered if leadership and entrepreneurial endeavours are based on a toxic culture. This article aims to delve into the intricate connection between leadership, entrepreneurship, and organisational culture by examining the impact of cultural factors on the leadership and entrepreneurship performance of small and medium-sized enterprises in China. By keeping this connection in mind, Chinese policymakers, lawmakers, business executives, and academics will be better able to assist SMEs in navigating the complexities of the global market and adapting to its ever-changing demands. Examining the backdrop of small and medium-sized enterprises in China, this essay explores the interplay between leadership, entrepreneurship, and organisational culture, and how these three elements affect SMEs' overall success. The study's overarching goal is to help small and medium-sized enterprises thrive in today's dynamic business climate by shedding light on the mediating role of organisational culture in the relationship between effective leadership and entrepreneurship (Luo & Ali, 2023).

BACKGROUND OF THE STUDY

Economic growth in China is dependent on small and medium-sized enterprises (SMEs) as they are the main engines of employment, innovation, and GDP. However, there are several obstacles that Chinese SMEs must overcome, such as complex regulations, rapid technological innovation, and fierce competition. Companies with strong leadership and an entrepreneurial spirit are better able to overcome challenges and grow. Good leadership guides, inspires, and impacts the choices made about strategic matters, while entrepreneurship promotes innovative thinking and adaptability. Leadership and entrepreneurship are handled differently by SMEs due to the impact of organisational culture. This culture is made up of common attitudes, beliefs, and actions. A strong corporate culture improves overall performance and makes C-suite executives more successful by strengthening the connection between workers and the company's objectives. A society that is antagonistic and ideologically divided, on the other hand, could impede leadership, which in turn impacts employee dedication and innovation. There has been many research on leadership and entrepreneurship separately, but very little on how organisational culture may eradicate the link between the two, particularly when

looking at China. Taking into account the distinctive blend of traditional Chinese values and modern management techniques, this research aims to examine the influence of organisational culture on the performance of small and medium-sized enterprises in China via the lens of leadership's effect. Cultural factors impact leadership styles and the results that organisations achieve, including creativity, employee happiness, and competitiveness. This research aims to shed light on this relationship. The results of this study will shed light on the topic of how to build a performance-enhancing company culture for academics, lawmakers, and SMEs alike. Innovative practises are critical to a company's success, according to research in performance management. Performance management approaches are expanding into non-traditional sectors like as banking and manufacturing due to the growing importance of intangible assets in contemporary efforts such as digitisation, research and development, and innovation. To achieve this goal, it is essential to learn more about the inner workings of SMEs and how they connect to innovation and digitisation (Cui & Song, 2022).

PURPOSE OF THE RESEARCH

This research intends to fill that information vacuum by investigating the potential effects of organisational culture on the relationship between leadership and performance in small and medium-sized enterprises in China. The purpose of this article is to examine leadership initiatives aimed at improving company performance and the impact of organisational culture on their effectiveness within the framework of small and medium-sized enterprises in China. Leadership may be defined by examining the relationship between an inspiring workplace and key performance indicators including innovation, output, morale, and overall competitiveness. Scholars, lawmakers, and corporate leaders in China may benefit from a better understanding of what makes for great leadership and how small and medium-sized enterprises can increase their productivity and efficiency.

LITERATURE REVIEW

The People's Republic of China (PRC) has a burdensome regulatory framework that requires businesses to spend substantial amounts of time and money working with the government. This makes doing business in the PRC difficult. A complete reform on the national level may be impossible in the foreseeable future. On the other hand, the federal government is now beginning to provide state and local governments with a significant amount of leeway in terms of their ability to establish local laws, such as those that apply inside a network cluster. It is possible that the local authorities' incentives may change from neglect to devotion as a result of the enhanced feeling of ownership that this would bring about (Zeffane, R., 2014). Some examples of these reforms include the introduction of local agencies that assist in the formation of businesses, the improvement of training for local civil servants, and the implementation of hiring practises that are based on merit, as well as the

elimination of unnecessary red tape and bureaucratic procedures that impede efficiency. According to research conducted by the Organisation for Economic Co-operation and Development in 1996 and 1997, the experiences of developed industrial countries demonstrate that the implementation of an inclusive approach at the local level has the potential to provide beneficial effects. In the event that the method is successful at the local level, it may be used at the state or provincial level as well. The People's Republic of China (PRC) has already shown a significant amount of success in this field inside its SEZs. The next step that should be taken is to make it possible for these zones to expand across the whole economy, using the legal framework of Hong Kong, China as a model for how to do so. Companies in the People's Republic of China that are part of a cluster very seldom collaborate on big initiatives. When a cluster contains several competitive companies, or even world-class manufacturers, such manufacturers may serve as "demonstrators of best practise" for the other firms in the cluster to follow. The question then becomes: why is this type of thing not more prevalent in the main industrial areas of the PRC? There are two major ways to explain it. In the first place, indifference has become more widespread because there is less motivation to achieve success in a centrally planned economy, which mandates that all companies produce within predetermined bounds. Second, and similarly, since these companies are not exposed to the rivalry that is present inside their own industry, they either lack the drive to improve their production processes in the direction of best practise or are blind to the fundamental factors that contribute to their inefficiency. The success of efforts to expand corporate cooperation is strongly dependent on increasing awareness of the critical need to implement substantial reforms. These adjustments won't take place overnight that much is certain. Without sufficient incentives to do so, it is doubtful that independently owned enterprises would transition to a cooperative form of operation (Zhou, Y.; 2021).

RESEARCH QUESTIONS

How does company culture influence the impact of ENTREPRENEURSHIP on the success of small and medium-sized enterprises (SMEs) in China?

RESEARCH METHODOLOGY

RESEARCH DESIGN

The quantitative data analysis was conducted using SPSS version 25. The odds ratio and 95% confidence interval were used to ascertain the strength and direction of the statistical link. The researchers developed a statistically significant criterion at $p < 0.05$. A descriptive analysis was performed to determine the key characteristics of the data. Quantitative approaches are often used to evaluate data obtained from surveys, polls, and questionnaires, as well as data modified by computational tools for statistical analysis.

SAMPLING

The questionnaire had a preliminary test with 20 Chinese enterprises, and subsequently, a final sample of 320 customers was used to conduct the study. 600 questionnaires were sent to customers selected by random sampling. The researcher excluded 263 questionnaires that was not completed for the study.

DATA AND MEASUREMENT

A questionnaire survey served as the principal tool for data gathering in the study. The survey had two sections: (A) General demographic information and (B) Responses on online and offline channel variables assessed using a 5-point Likert scale. Secondary data was obtained from many sources, mostly on internet databases.

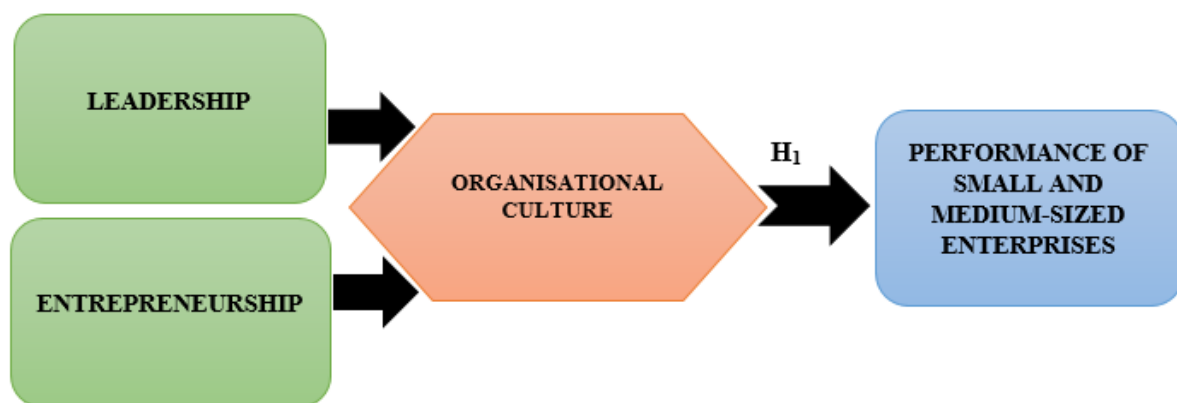
STATISTICAL SOFTWARE

The statistical analysis was conducted using SPSS 25 and MS-Excel.

STATISTICAL TOOLS

To grasp the fundamental character of the data, descriptive analysis was used. The researcher is required to analyse the data using ANOVA.

CONCEPTUAL FRAMEWORK



RESULT

Factor Analysis: One typical use of Factor Analysis (FA) is to verify the existence of latent components in observable data. When there are not easily observable visual or diagnostic markers, it is common practice to utilise regression coefficients to produce ratings. In FA, models are essential for success. Finding mistakes, intrusions, and obvious connections are the aims of modelling. One way to assess datasets produced by multiple regression studies is with the use of the Kaiser-Meyer-Olkin (KMO) Test. They] verify that the model and sample variables are representative. According to the numbers, there is data duplication. When the proportions are less,

the data is easier to understand. For KMO, the output is a number between zero and one. If the KMO value is between 0.8 and 1, then the sample size should be enough. These are the permissible boundaries, according to Kaiser: The following are the acceptance criteria set by Kaiser: A pitiful 0.050 to 0.059, below average 0.60 to 0.69

Middle grades often fall within the range of 0.70-0.79.

With a quality point score ranging from 0.80 to 0.89.

They marvel at the range of 0.90 to 1.00.

Testing for KMO and Bartlett's - Sampling Adequacy Measured by Kaiser-Meyer-Olkin .960

The results of Bartlett's test of sphericity are as follows: approx. chi-square

df=190

sig.=.000

This establishes the validity of assertions made only for the purpose of sampling. To ensure the relevance of the correlation matrices, researchers used Bartlett's Test of Sphericity. Kaiser-Meyer-Olkin states that a result of 0.960 indicates that the sample is adequate. The p-value is 0.00, as per Bartlett's sphericity test. A favorable result from Bartlett's sphericity test indicates that the correlation matrix is not an identity matrix.

Table1: KMO and Bartlett's Test.

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.960
Bartlett's Test of Sphericity	Approx. Chi-Square	3252.968
	df	190
	Sig.	.000

This substantiates that assertions on the execution of a sample are valid. Researchers used Bartlett's Test of Sphericity to evaluate the importance of the correlation matrices. The Kaiser-Meyer-Olkin metric deems the sample satisfactory when the value is 0.960. The p-value obtained from Bartlett's sphericity test is 0.00. The statistically significant findings of Bartlett's sphericity test indicate that the correlation matrix differs from an identity matrix.

TEST FOR HYPOTHESIS

INDEPENDENT VARIABLE

Entrepreneurship: An entrepreneur is somebody who actively seeks for, generates, and follows fresh business prospects in the sake of profit. They do this by being creative, frugal, and daring. Despite the dangers and doubts that constantly surround this road, entrepreneurs are individuals who grab the chance to launch, grow, and run a firm. Many times, a desire to solve issues, satisfy customer needs, or provide creative goods or services drives an entrepreneur. A great entrepreneur must be creative, strategic thinker, and able to change with the times. Essential for economic development are how they affect innovation, employment generation, and the birth of new sectors. Entrepreneurship is more than just starting a new firm; it encompasses a wide range of activities. Being able to see possibilities, take measured risks, and implement innovative ideas are all necessary for producing economic and societal value. When entrepreneurs provide fresh goods, services, and ways to an industry, they significantly alter consumer behaviour by meeting unmet needs or improving upon current practices (Deng & Xiang, 2019).

MEDIATING VARIABLE

Organisational culture: Together with its relationships with outside stakeholders, a company's culture is the result of the shared values, beliefs, attitudes, and behaviours among its workers and partners. The psychological and social environment of an employees' workplace shapes their viewpoints on communication, decision-making, and teamwork. A company's vision, goals, and underlying principles reflect its culture in all spheres of daily operations, including leadership styles, problem-solving techniques, and the overall work atmosphere. In an organisation with a strong culture trust, innovation, and collaboration blossom; poor morale, disengagement, and inefficiency define an organisation with a weak culture. Staff interactions, organisational experiences, and leadership impact all of which help to define the culture of a firm and support its performance and success (Bogale & Debela, 2024).

DEPENDENT VARIABLE

Performance of small-medium enterprises: Small and medium-sized firms are defined by measures of operational efficiency, innovation, employee happiness, market competitiveness, and financial outcomes such as profitability and revenue growth that serve to determine their degree of fulfilment of their declared goals and objectives. Short- and long-term performance indicates a company's capacity to maximise resources, adjust to market changes, and grab growth opportunities. It also addresses non-financial factors like customer happiness, brand reputation, and organisational culture that help the business to be resilient. If small and medium-sized firms are to grow in difficult and always changing surroundings, they usually

rely on leadership, entrepreneurial activity, and an organisational culture that encourages innovation and productivity (Cui & Song, 2022).

Relation between Entrepreneurship and Performance of small-medium enterprises through Organisational culture: Regarding small and medium-sized businesses, organisational culture is a key factor starting with an entrepreneurial attitude and finally guiding success. Small and medium-sized businesses depend on strategic choices taken with risk-taking supported by entrepreneurs. Most of the success or failure of an entrepreneurial initiative depends on the culture of a firm. Entrepreneurial activities would flourish in a culture that supports innovation, teamwork, and a proactive approach to problem-solving as SMEs would be more suited to adapt to market requirements and opportunities in such an environment. On the other hand, a poor and limited culture could stifle general company performance, creativity, and entrepreneurship. The business culture shapes employees' opinions about entrepreneurship, their receptivity to new ideas as well as their drive, commitment, and enthusiasm. Small and medium-sized companies may become strong and in line with entrepreneurial ideas by means of organisational cultures that foster development, resilience, and flexibility while simultaneously improving performance. Thus, organisational culture serves as a go-between between entrepreneurial methods and their success or failure by establishing an environment that encourages and fosters entrepreneurial activity (Park et al., 2020).

On the basis of the above discussion, the researcher formulated the following hypothesis, which was analyse the relationship between Entrepreneurship and Performance of small-medium enterprises through Organisational culture.

H₀₁: There is no significant relationship between Entrepreneurship and Performance of small-medium enterprises through Organisational culture.

H₁: There is a significant relationship between Entrepreneurship and Performance of small-medium enterprises through Organisational culture.

Table 2: H₁ ANOVA Test.

ANOVA					
Sum					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	39588.620	121	3955.235	927.805	.000
Within Groups	492.770	215	4.263		
Total	40081.390	336			

In this study, the result is significant. The value of F is 927.805, which reaches significance with a p-value of .000 (which is less than the .05 alpha level). This means the “H₁: There is a significant relationship between Entrepreneurship and

Performance of small-medium enterprises through Organisational culture.” is accepted and the null hypothesis is rejected.

DISCUSSION

This research discusses how leadership and entrepreneurship affect the success of small and medium-sized enterprises (SMEs) in China, and how organisational culture moderates this effect. Success is heavily dependent on leadership and entrepreneurial efforts, yet these factors are also affected by the culture of the organisation. Leadership methods in Chinese SMEs are influenced by traditional cultural values including respect for authority and hierarchy, which are reflected in leadership styles. The larger cultural context also influences entrepreneurial behaviours, such as innovation and risk-taking, and may either promote or discourage these traits. Leadership effectiveness, employee engagement, and performance may all be driven by an organization's culture, which should be strong and positive and encourage open communication, trust, and creativity. A restrictive or misaligned culture, on the other hand, may limit creativity, demotivate workers, and dilute leadership's influence. This research seeks to illuminate the role of cultural elements in mediating the leadership-performance link, with the hope of providing Chinese SMEs with guidance on how to foster an organisational culture that encourages strong leadership and entrepreneurial achievement.

CONCLUSION

Finally, the study shows that organisational culture is very important in this field, because it reduces the impact of leadership and entrepreneurship on the development of small and medium-sized enterprises (SMEs) in China. A company's culture greatly determines the efficacy of leadership and entrepreneurial tactics in encouraging innovation and growth. A strong, positive culture that encourages trust, cooperation, and innovation may lead to increased leadership influence, more staff engagement, and ultimately, success for the organisation. On the other hand, less morale, fewer successful entrepreneurs, and incompetent leadership might result from cultures that are too restricted or mismatched. In view of the unique cultural dynamics at work in China's SMEs, the study stresses the significance of cultivating a culture that is compatible with both ancient and modern business practices. Understanding the moderating role of organisational culture may help politicians and business leaders foster an atmosphere that supports innovation, leadership, and survival in volatile markets. In order to boost company success, entrepreneurial leadership is important. On the other hand, improving the metric isn't always an easy process when it comes to real life. Organisations in the IT sector may get a competitive edge without investing in entrepreneurial leadership techniques or a strategy based on such skills. With these buffers in place, entrepreneurial direction and leadership may have a greater impact on performance.

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