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A Study of the Influence of Corporate Culture and Organizational Design on Entrepreneurship Orientation and Employee Performance in the Largest Health Laboratory Company in Indonesia

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ABSTRACT
The Largest Health Laboratory in Indonesia divides the organization into 3 levels, Head Office, Regional Office, and Branch Office. To be able to encourage various innovation initiatives related to digitalization which is believed to help the Largest Health Laboratory in Indonesia to quickly adapt to changes, especially in the digital era. This study aims to determine whether there is a relationship between the influence of Corporate Culture and organizational design on Entrepreneurial Orientation and employee performance at the Largest Health Laboratory in Indonesia. The research method is a quantitative method by distributing questionnaires to respondents. The sample in this study amounted to 200 respondents. The data analysis method uses Structural Equation Modeling with a Partial Least Square (SEM-PLS) approach. The results of the study indicate that corporate culture and organizational design variables have a positive and significant effect on entrepreneurship orientation and employee performance.

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INTRODUCTION

Increasingly fierce business competition, coupled with the need to adapt quickly to technological advancements and digitalization, has pushed companies to be more agile in responding to change. This is further exacerbated by increasingly uncertain economic and business conditions, requiring companies to enhance their competitive advantage to survive and win the competition. Continuous and unpredictable change, often turbulent and disruptive to business stability, has become a hallmark of the 21st century (Burns, 2020). This also applies to the healthcare industry, which has the potential to grow rapidly in Indonesia. Indonesia's Largest Health Laboratory, as a provider of health laboratory services, is seizing this opportunity by providing various health testing services through examinations, analysis, and identification of patients' medical prognoses, providing an overview for medical personnel to provide appropriate medical treatment to address the patient's medical indications. The healthcare industry is one of the industries with the potential to grow rapidly

in Indonesia.

The rapid innovation carried out by the Largest Health Laboratory in Indonesia in response to changes occurring in the healthcare industry requires employees to have a business orientation so they can create new breakthroughs that become strategic initiatives to optimize business performance while remaining oriented towards risk management which is a characteristic of the corporate entrepreneurial mindset. Entrepreneurship Orientation is considered to significantly increase the potential for company success by encouraging proactive behavior and the courage to take risks (Sebora and Theerapatvong, 2010).

A 2020 study by PricewaterhouseCoopers (PwC) showed that innovation is a non-negotiable requirement for success in today's world. To foster corporate entrepreneurship, companies must have a corporate culture that embraces failure, both individual and team. Rather than punishing employees, companies must recognize that failure is a byproduct of innovation and learn from it. A corporate culture that fosters the courage to try new things and embraces failure is crucial for fostering an entrepreneurial mindset among employees. Many companies and organizations are embracing the initiative to build a corporate culture based on core values, as it is believed to be a competitive advantage, enabling them to achieve peak performance and maintain long-term business sustainability.

From an organizational perspective, companies that run agile organizations have become increasingly popular in various industries. Empirical evidence shows that agile organizations outperform other companies that have not become agile organizations in high-pressure situations and can maintain high performance in the long term, by displaying better customer-focused behavior, faster product launches, higher revenue growth and lower costs accompanied by an increase in employees who are actively involved in the company (Aghina et al., 2018; Bazigos et al., 2015) This is supported by the results of a survey conducted on 2500 company leaders, where 75% of the leaders stated that organizational agility was included in the top 3 priorities for their company to survive (Aghina et al., 2018).

Organizationally, the Largest Health Laboratory in Indonesia divides the organization into 3 levels, Head Office, Regional Office and Branch Office. To be able to encourage various innovation initiatives related to digitalization that are believed to help the Largest Health Laboratory in Indonesia to quickly adapt to changes, especially in the digital era, the management of the Largest Health Laboratory in Indonesia formed various subsidiaries that focus on business initiatives being carried out rather than building synergies across existing organizational levels in the Largest Health Laboratory in Indonesia. This is interesting to be studied further to determine whether there is a relationship between the influence of Corporate Culture and organizational design on Entrepreneurial Orientation and employee performance in the Largest Health Laboratory in Indonesia.

Literature Review

Corporate Culture

Corporate culture reflects the way individuals within a company think and act. The culture established within a company will influence the company's organizational architecture (Burns, 2020). Bratton and Gold (2017) define corporate culture as a set of values,

understandings, and ways of thinking shared by human resources in general within a company, which become the norm of truth within the company. This is based on a pattern of basic assumptions discovered or developed in addressing problems in adapting to external demands and internal integration. Its reliability has been tested, thus establishing a norm of truth that must be implemented by all personnel in the company (Schein, 1983).

Organization Design

Organizational design focuses on how a company/organization manages itself to achieve its goals effectively and efficiently, encompassing various frameworks, principles, and models that help companies design their internal structures, processes, roles, and systems. Initially, organizational development theory focused more on structures, systems, and policies with little attention to matters related to human behavior and attitudes within them (McShane and Glinow, 2017). The bureaucratic approach believes that the basis of an effective organization is the existence of a solid hierarchical structure (Daft, 2015). This differs from scientific management, which places management principles that focus on efforts to achieve organizational efficiency while ignoring less prominent organizational problems.

Corporate entrepreneurship

The concept of corporate entrepreneurship is currently developing significantly, although experts use various terminologies, but all refer to the same concept. Some frequently used terminologies include intrapreneurship, internal corporate entrepreneurship, venture management, corporate venturing, strategic renewal, and internal corporate venturing (Zahra, Jennings, and Kuratko, 1999; Ferreira, 2001). Corporate entrepreneurship is seen as a process carried out by individuals or groups of employees that can generate new businesses within an organization, revitalize businesses, renew organizations, or innovate (Antoncic and Hisrich, 2001). Referring to the view expressed by Zahra (1996), corporate entrepreneurship is a formal and informal activity aimed at creating new businesses within an established company through innovation in products and processes, as well as market development.

Performance Management

Employee performance evaluation is conducted by ensuring employee achievement is compared with the set targets so that improvements and developments that need to be made in the next period can be identified. In managing performance, there are various approaches that can be taken. Traditional performance measurement is only focused on financial aspects, but with current business conditions, companies realize that almost 75% of organizational achievements are obtained from intangible assets, making performance measurement based on financial aspects ineffective. The balanced scorecard approach is able to answer three fundamental problems: namely measuring company performance effectively, identifying and calculating the value of intangible assets and success in implementing strategies because this approach provides a mechanism for monitoring evaluation and identifying critical success factors (Paul R. Niven, 2006).

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RESEARCH METHODS

This study will employ a quantitative approach using questionnaires to measure each research variable, using a survey method. The survey will utilize a questionnaire as a measuring tool, which will be distributed to the target respondents in this study. Each behavioral questionnaire item is a statement that reflects the measurement indicators for each dimension of each research variable. The quantitative approach is used because the research data obtained are in the form of numbers and are analyzed using statistics (Sugiyono, 2012).

The population selection in this study is limited to permanent employees who meet the following criteria: a. Employees of the Largest Health Laboratory in Indonesia Digital and its subsidiaries b. Have a work period of more than 1 year c. All job levels. Based on the data obtained, there is a population of 400 people. To calculate the number of samples needed so that the results of this study are considered valid to describe the influence between the research variables, calculations are carried out using the RAO formula with a margin of error of 5%. In the RAO formula, the calculation of the number of samples is carried out using the following formula: n = N / (1 + N. Moe2), where Moe is the margin of error. Based on this calculation, the number of samples needed in this study is n = 400 / (1 + 400. (5%) 2) which is 200 people as research samples. Data analysis is a process to test, clean, convert and analyze data that has been collected in the study, SEM PLS analysis is used to test the hypothesis in this study.

RESULTS AND DISCUSSION

Outer Model Testing

By conducting all the outer model tests, it can be ensured that the data used in the research is of high quality, so that the results of the PLS SEM analysis can be relied upon to describe the relationship between variables accurately.

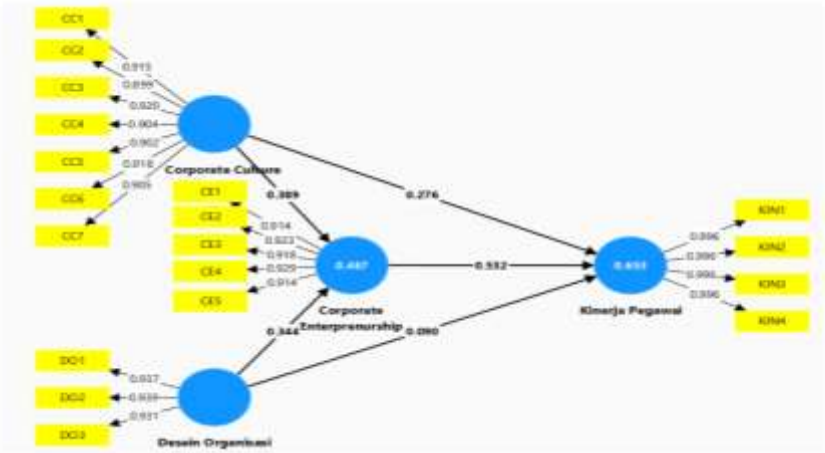

Figure 1.1 SEM PLS Model Estimation Results – algorithm

Convergent Validity Testing

The analysis results in Table 1.1 show that the Corporate Culture construct, measured

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by seven indicators, has an AVE value of 0.826, and each indicator has a loading factor value above 0.7. Since the loading factor values of all indicators are >0.7 and the construct AVE is >0.5, it is concluded that all indicators measuring the Corporate Culture construct are valid. Therefore, in further testing, this construct will be measured using all of these indicators. The Entrepreneurship Orientation construct, consisting of five indicators, also has an AVE of 0.846 and outer loadings between 0.914 and 0.929. Thus, all indicators in this construct are valid and suitable for use in subsequent analyses. The Organizational Design construct, measured by three indicators, shows an AVE value of 0.876, and all indicators have a loading factor >0.93, indicating strong convergent validity. Furthermore, the Employee Performance construct, measured by four indicators, showed a very high AVE value of 0.993, with a uniform loading factor of 0.996 for each indicator. This indicates excellent measurement consistency.

Table 1.1 Results of Convergent Validity Testing

Variabel	Indikator	Outer loadings	Cut of Value	AVE	Cut Of Value	Validitas Konvergen
Corporate Culture	CC1	0,915	0,7	0,826	0,05	Valid
	CC2	0,899	0,7			Valid
	CC3	0,920	0,7			Valid
	CC4	0,904	0,7			Valid
	CC5	0,902	0,7			Valid
	CC6	0,918	0,7			Valid
	CC7	0,905	0,7			Valid
Enterpreneushi p Orientation	CE1	0,914	0,7	0,846	0,05	Valid
	CE2	0,923	0,7			Valid
	CE3	0,918	0,7			Valid
	CE4	0,929	0,7			Valid
	CE5	0,914	0,7			Valid
Desain Organisasi	DO1	0,937	0,7	0,876	0,05	Valid
	DO2	0,939	0,7			Valid
	DO3	0,931	0,7			Valid
Kinerja Pegawai	KIN1	0,996	0,7	0,993	0,05	Valid
	KIN2	0,996	0,7			Valid
	KIN3	0,996	0,7			Valid
	KIN4	0,996	0,7			Valid

Sumber : data diolah (2025)

Discriminant Validity Testing

The results of the discriminant validity test in Table 1.2 show that all constructs have a square root value of AVE that is greater than their correlation value with other constructs. The Corporate Culture (CC) construct has a square root value of AVE of 0.909 with the largest correlation value with the Organizational Design (DO) construct of 0.739, this means that the square root of the AVE of the CC construct > its correlation coefficient with other constructs so that the CC construct is considered to have met the required discriminant validity criteria. Furthermore, the Entrepreneurship Orientation (CE) construct has a square root value of AVE of 0.920 and its highest correlation with Employee Performance (KIN) of 0.766, so the CE construct also meets discriminant validity. The Organizational Design (DO) construct shows a square root of AVE of 0.936 with the highest correlation with Corporate Culture (CC) of 0.739, so the DO construct meets the discriminant validity criteria. The Employee Performance (KIN) construct has the highest AVE square root, namely 0.996, with the largest

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correlation to Entrepreneurship Orientation (CE) of 0.766, so it can be concluded that the KIN construct has also fulfilled discriminant validity.

Table 1.2 Fornell Larcker Test Results

	CC	CE	DO	KIN
CC	0,909			
CE	0,643	0,920		
DO	0,739	0,631	0,936	
KIN	0,684	0,766	0,630	0,996

Sumber : data diolah (2025)

Reliability Test

The results of the construct reliability test in Table 1.3 show that all constructs in the research model have Cronbach's Alpha and Composite Reliability (rho_c) values above 0.7. The highest Cronbach's Alpha value is shown by the Employee Performance (KIN) construct at 0.998, followed by Corporate Culture (CC) at 0.965, Entrepreneurship Orientation (CE) at 0.954, and Organizational Design (DO) at 0.929. Likewise, the Composite Reliability value, where all constructs show values above 0.9 which indicates very good internal reliability. The highest Composite Reliability value is also found in the Employee Performance (KIN) construct at 0.998, while the lowest value is still at a very good level, namely 0.955 in the DO construct. Thus, it can be concluded that all constructs in this research model have met the required construct reliability criteria, both based on Cronbach's Alpha and Composite Reliability.

Table 1.3 Construct Reliability

	Cronbach's alpha	*Composite reliability (rho_c)*
CC	0,965	0,971
CE	0,954	0,965
DO	0,929	0,955
KIN	0,998	0,998

Sumber : data diolah (2025)

Inner Model Testing

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Table 1.4 Hypothesis Testing Results

Hipotesis	Koef. Jalur	T Statistik	P Value	Kesimpulan
H1: *Corporate Culture* memiliki pengaruh signifikan terhadap *Entrepreneurship Orientation*	0.389	7,058	0.000	Diterima
H2: *Organisation Design* memiliki pengaruh signifikan terhadap *Entrepreneurship Orientation*.	0.344	5,887	0.000	Diterima
H3: *Entrepreneurship Orientation* memiliki pengaruh signifikan terhadap kinerja pegawai desain	0.532	10,711	0.000	Diterima
H4: *Corporate Culture* memiliki pengaruh signifikan terhadap kinerja pegawai	0.276	3.668	0.000	Diterima
H5: *Organisation Design* memiliki pengaruh signifikan terhadap kinerja pegawai	0.090	1,183	0.237	Tidak diterima

Sumber : data diolah (2025).

The results of this study indicate the influence of Corporate Culture on Entrepreneurship Orientation. Employee perceptions of the Corporate Culture established within the Company have been shown to enhance their Entrepreneurship Orientation. Corporate culture plays a crucial role in fostering employee entrepreneurial orientation through the creation of a work environment that supports innovation, risk-taking, and proactivity. Research shows that when corporate values emphasize creativity, collaboration, and support for individual initiative, the entrepreneurial spirit within the company grows stronger. Conversely, a corporate culture that is rigid, bureaucratic, or not open to change can hinder the development of Entrepreneurship Orientation and reduce the company's competitiveness.

The results of this study indicate a significant impact of Organizational Design on Entrepreneurship Orientation. Improving Organizational Design has been shown to increase Entrepreneurship Orientation, while decreasing Organizational Design has also been shown to decrease Entrepreneurship Orientation. Organizational Design has been shown to significantly influence Entrepreneurship Orientation. The relationship between Organizational Design and Entrepreneurship Orientation has been demonstrated in various previous studies. An appropriate organizational design—which includes a flexible structure, clear division of tasks, and a coordination system that supports collaboration and communication—can encourage innovation, proactivity, and risk-taking within a company. Research shows that organizations with effective designs provide space for the development of entrepreneurial initiatives and employee creativity, thereby enhancing the company's overall entrepreneurial orientation. Conversely, rigid and bureaucratic organizational designs tend to stifle entrepreneurship and innovation within the company. Research by Foss et al. (2015) suggests that decentralization in organizational structure provides greater autonomy to managers, which in turn facilitates the recognition and realization of opportunities.

The results of this study indicate a significant impact of Entrepreneurship Orientation on Employee Performance. Increasing Entrepreneurship Orientation has been shown to

improve Employee Performance, while decreasing Entrepreneurship Orientation will have an impact on decreasing Employee Performance. Entrepreneurship Orientation has been proven to be a factor that significantly influences Employee Performance. The contribution of Entrepreneurship Orientation to Employee Performance is significant, so efforts to improve Employee Performance in companies can start from improving Entrepreneurship Orientation. The relationship between Entrepreneurship Orientation and Employee Performance has been proven in various previous studies. A company's entrepreneurial orientation, which includes innovation, proactivity, and the courage to take risks, can create a dynamic, challenging work environment and provide space for the development of ideas and individual initiatives. Research shows that when companies encourage an entrepreneurial spirit in the internal environment, employees become more creative, adaptive, and motivated to achieve optimal work results. On the other hand, low entrepreneurial orientation in an organization can hinder the growth of employee performance due to the lack of space for innovation and development. The results of research by Golubović and Janković (2019) show that corporate entrepreneurship has an important role in encouraging a culture of innovation within an organization.

The results of this study indicate a significant impact of Corporate Culture on Employee Performance. Improving Corporate Culture has been shown to improve Employee Performance, while decreasing Corporate Culture will also impact Employee Performance. Corporate Culture has been proven to be a factor that significantly influences Employee Performance. The contribution of Corporate Culture to Employee Performance is significant, so efforts to improve Employee Performance in the largest Health Laboratory company in Indonesia can begin with improving Corporate Culture. The relationship between Corporate Culture and Employee Performance has been proven in various previous studies. A positive corporate culture—which reflects values, norms, and work behaviors that support collaboration, innovation, and employee appreciation—can increase employee motivation, loyalty, and productivity. Research shows that when organizational culture aligns with company goals and employee needs, employee performance tends to improve significantly. Conversely, a weak or unhealthy corporate culture can reduce work enthusiasm, increase stress levels, and hinder the achievement of performance targets. The results of research by Mustofa et al. (2022) show that a positive corporate culture has a direct impact on employee motivation.

The results of this study indicate no significant impact of Organization Design on Employee Performance. Increasing employee perceptions of Organization Design has not been proven to improve Employee Performance, likewise decreasing employee perceptions of Organization Design will not have an impact on decreasing Employee Performance. Organization Design has not been proven as a significant factor influencing Employee Performance. The contribution of Organization Design to Employee Performance is not significant, so efforts to improve Employee Performance in the largest Health Laboratory company in Indonesia are not directly driven by employee perceptions of Organization Design, but can be done through efforts to build a Corporate Culture that can encourage the

development of Entrepreneurship Orientation. The results of Manik's (2017) study show that a strong organizational culture has a significant influence on employee performance, even contributing 78.2% of the variance in performance compared to other factors such as work design and quality of supervision. This indicates that when organizational values, norms, and practices are aligned with shared goals, employees become more focused and motivated.

CONCLUSION

The conclusion of this study is, (1) The results of this study indicate that Corporate Culture is proven to be a factor that significantly influences Entrepreneurship Orientation. With the contribution of Corporate Culture to Entrepreneurship Orientation, efforts to improve Entrepreneurship Orientation in the largest Health Laboratory company in Indonesia can be built through efforts to strengthen Corporate Culture , (2) The results of this study indicate that employee perceptions of Organization Design are proven to be a factor that significantly influences Entrepreneurship Orientation. Therefore, efforts to improve Entrepreneurship Orientation in the largest Health Laboratory company in Indonesia can be developed by building positive employee perceptions of the organizational design implemented internally in the company. Although when compared with the Corporate Culture variable, the development of Entrepreneurship Orientation owned by employees is more influenced by company culture, (3) The results of this study indicate that Entrepreneurship Orientation is proven to be a factor that significantly influences Employee Performance. The contribution of Entrepreneurship Orientation to Employee Performance is significant, so that efforts to improve Employee Performance in the largest Health Laboratory company in Indonesia need to be built through improving employee Entrepreneurship Orientation, (4) The results of this study indicate the influence of Corporate Culture on Employee Performance. where increasing Corporate Culture is proven to be able to improve Employee Performance, likewise decreasing Corporate Culture will have an impact on decreasing Employee Performance. Corporate Culture is proven to be a factor that significantly influences Employee Performance. Therefore, efforts to improve Employee Performance in the largest Health Laboratory company in Indonesia can start from improving Corporate Culture, (5) The results of this study indicate that there is no significant impact between employee perceptions of Organization Design on Employee Performance. Increasing employee perceptions of Organization Design is not proven to be able to improve Employee Performance, likewise decreasing employee perceptions of Organization Design will not have an impact on decreasing Employee Performance. Therefore, employee perceptions of Organization Design are not proven to be a factor that does not significantly influence Employee Performance.

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