BUILDING AN ENTREPRENEURIAL ORGANIZATIONAL CULTURE : AN INTEGRATED APPROACH TOWARDS SUCCESSFUL FUTURE

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Abstract

Culture is the unique dominant pattern of behavior which guides the action of the employees. It is the culture which institutionalizes the values of the founders. So for the entrepreneurial business, the culture should start from first day and should be sustained in a continuous manner. In the present scenario, when all the organizations are striving towards increased competitiveness, it has become vital to build an entrepreneurial organizational culture. The term "entrepreneurial" means people who have a mind-set of innovation, creativity, risk-taking, autonomy, empowerment and commitment. In a competitive industry, where changes are happening in a speedier manner, it is certainly an entrepreneurial culture which will help the organizations to achieve success. It will also help the organizations to grow, adapt to changes and identify the new opportunities which exists in the external environment. This paper is conceptual and focuses on how to build an entrepreneurial organizational culture.

Key words: Culture, Entrepreneurial, Empowerment, Commitment

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Introduction

"Culture drives the organization's and its Actions. It is somewhat like "The Operating System" of the organization. It guides employees how think, act and feel." - Hazberg and Consulting Group.

Organizational culture is the unique dominant patterns of behavior of humans within an organization and the meaning that people attach to those behaviors. Culture includes the organization's vision, values, norms, systems, symbols, language, assumptions, beliefs, and habits. It is a pattern of behaviors that guides the new organizational members how to perceive, think and feel. Organizational culture affects the way people and groups interact with each other, with clients, and with stakeholders.

As per A. O. Oparanma (2010) Organization culture are widely held beliefs, values and practices which differentiate one organization from another and often affect the organization's success or failure. DiTomaso (1992) pointed out that culture is a widely held shared phenomenon and it supports the finding that a strong culture is predictive of short-term future company performance. But Denison (1990) demonstrated organizational culture as a code, a logic & a system of structured behaviors & meaning that have stood the test of time & serve as a collective guide to future adaptation & survival.

Different models have been developed by researchers which provides parameters of organizational cultures.

Hofstede's framework demonstrated that there are national and regional cultural groupings that affect the behavior of organizations and identified four dimensions of culture. They are :

   i) Power distance - reflects the power inequality between boss and subordinate relationship.

   ii) Uncertainty avoidance – deals with coping uncertainty about the future.

   iii) Individualism vs. Collectivism – reflects the disharmony between individual and collective goals.

   iv) Long vs. Short-term orientation – focuses on what needs to be attained.

   v) Masculinity vs. Femininity – deals with whether the society has male or female dominated culture.

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O'Reilly, Chatman & Caldwell (1991) developed a model based on the belief that an organization distinguishes its culture by values. The Organizational Cultural Profile (OCP) is a tool which makes distinctions based on the seven categories - Innovation, Stability, Respect for People, Outcome Orientation, Attention to Detail, Team Orientation, and Aggressiveness. This model is suitable for measuring the effect of organizational culture on perfromance.

Daniel Denison's model (1990) states that organizational culture can be described by four general dimensions – Mission, Adaptability, Involvement and Consistency. Each of these general dimensions is further described by the following three sub-dimensions:

- Mission - Strategic Direction and Intent, Goals and Objectives and Vision
- Adaptability - Creating Change, Customer Focus and Organizational Learning
- Involvement - Empowerment, Team Orientation and Capability Development
- Consistency - Core Values, Agreement, Coordination/Integration

Mission helps in envisioning the future of the organization. Adaptability brings in internal changes by interpreting the external environmental signals. Involvement defines how much people are engaged, developed and committed to the mission of the organization. Consistency creates a strong culture by defining the values and systems. This model focuses on both external or internal as well as flexible and stable aspects.

Edgar H, Schein has developed a model which comprises of three levels.

1) Artifacts are the visible factors which a new encounter experiences through his senses.

2) Espoused beliefs and values are the ideals, goals and aspirations which guide the actions of an individual.

3) Underlying assumptions are the taken for granted conditions.

Definition of Entrepreneurial Organization Culture

Stephen McGuire (2003) defined an Entrepreneurial Organizational Culture as a system of shared values, beliefs and norms of members of an organization, including valuing creativity and tolerance of creative people, believing that innovating and seizing market opportunities are appropriate behaviors to deal with problems of survival and prosperity, environmental

uncertainty, and competitors' threats, and expecting organizational members to behave accordingly.

The elements of EOC are as follows :

- People and empowerment focused

- Value creation through innovation and change

- Attention to the basics

- Active participation of management

- Doing things effectively

- Freedom to take actions

- Learn through failures

- Personal commitment

- Focus on the future
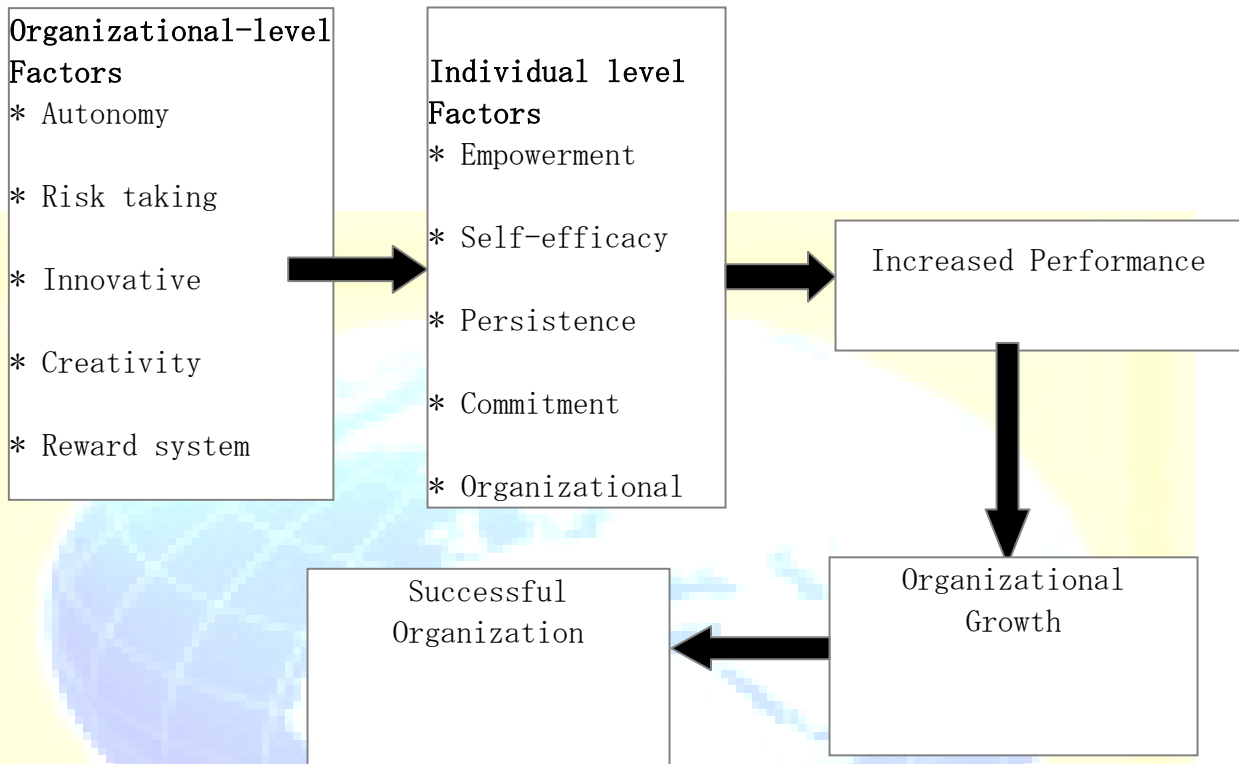
Building an entrepreneurial culture

An entrepreneurial culture can be initiated from the founders of the company. It should socialize the new employees to sustain the culture of the organization. It will give the employees an understanding about how to treat the customers and what behavior is expected in various situations. This will bring a fit between the employees and organization.

Many researchers have proved that culture improves the performance of the business. Intense competition in all the sectors have made it essential for culture to be included as a part of the overall strategy of the organization. In the forthcoming future, if the organization have to grow then they should be able to sense and meet the customer expectations. This can be achieved only through implementation of the entrepreneurial organization culture. So, today if the organization have to be successful, an entrepreneurial organization culture has become an absolute necessity.

The key factors which can be a tool for building an entrepreneurial organizational culture are :

- Autonomy – Give full autonomy to the employees provided they are self-disciplined. This will give the employees the chance to do the task in their own way. They may also try out new ways to do the task and will make work interesting.

- Risk-taking – Encourage employees to take risk without the fear of losing their job. Never consider failures as negative. In fact make the employees to learn from the failure through open discussion about what went wrong. Support them fully in difficult situations.

- Innovative - Foster an environment which helps employees to implement new ideas, process, etc. Support from the managers and colleagues are required so that the employees continue bringing innovation.

- Creativity – Provide high value to creativity. Whenever employees display creativity, acknowledge the achievement and reward them. So, that it can be incorporated in the daily practices of the organization.

- Reward system – Design a reward system in such a manner which encourages people to keep improving their performance and contribute towards the growth of the organization.

- Future focused – Direct the employees towards the future of the organization by formulating proper strategy and goals.

- Self-efficacy – Develop the self-efficacy level of the employees. This will create a positive attitude in the mindset of the people and they will be ready to do any challenging task. Also, it will boost their confidence.

- Empowerment – Give the strength and confidence to the employees so that they are ready to take the challenges. When the employees get empowered, they will take initiative, and will easily adapt to the changes which is need of the hour.

- Persistence – Motivate employees to continuously strive towards the entrepreneurial goal. They should not give up and try harder to fulfill their need for achievement.

- Commitment - Create among the employees a psychological attachment towards the organization. This will lead to dedicated employees who are ready to fulfill all the obligations towards the organization.

- Organizational Learning – Mould the employees in such a manner to view failure as an opportunity for learning and improvement.

An Entrepreneurial Organizational Culture Model

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Organizational-level        Individual level
Factors                     Factors
* Autonomy                  * Empowerment

* Risk taking               * Self-efficacy

* Innovative                * Persistence         Increased Performance

* Creativity                * Commitment

* Reward system             * Organizational
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        Successful              Organizational
        Organization              Growth
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Google is considered as the best employer to work and it has won awards also. This is because it focuses on entrepreneurial perspective and that helps in bringing innovation at a high speed. It gives the autonomy to the engineers to work on pet projects for a day a week, and for this entrepreneurial culture they have got appreciation.

According to Heskett and Kotter (1992), Strong Corporate Cultures that facilitate adaptation to a changing world are associated with strong financial results.

Particulars	Non Entrepreneurial Culture	Entrepreneurial Culture
Revenue Growth	166%	682%
Employment Growth	36%	282%
Stock Price Growth	74%	901%
Net Income Growth	1%	756%

Source: The Angel Advisors, 2014

Culture which gives importance to employees, customers, and the top-level management

encourages leadership from everyone in the firm can implement changes in the organization easily. It can be stated that the companies with adaptive corporate cultures and strong leadership practices financially outperform those that do not.

Particulars	Non Entrepreneurial Culture	Entrepreneurial Culture
Stock Price Growth	70%	204%
Net Income Growth	-47%	989%

Source: Crawford International 2006

Crawford International (2006) conducted a study to find out whether adaptive corporate culture is key to financial performance. It included companies like 3M, Apple, Bank of America, Cisco Systems, Barclays, BMC, Hewlett Packard, Genentech, GlaxoSmithKline and Intuit.

The following table summarizes the impact of adaptive culture for the upper and lower quartiles of companies participated in the study. The financial growth was measured from 1996 to 2004.

Particulars	Adaptive Corporate Culture	Non-Adaptive Corporate Culture
Net Income Growth	989%	-47%
Net Income Index Growth	11.5%	1.7%
Stock Price Growth	204%	70%

Source: Crawford International 2006

Conclusion

Entrepreneurial organizational culture is vital in today's competitive and changing environment. Many researchers have proved that culture can improve the performance of the business. It is the entrepreneurial organizational culture which has an important role in the success of a business. It becomes relevant to create an entrepreneurial culture which will help the organizations to grow, adapt to changes and identify the new opportunities in the external environment.

The key factors like autonomy, risk-taking, innovative, creativity, self-efficacy, empowerment, persistence, commitment and reward system can help in building an entrepreneurial organizational culture. It should be initiated by the top-level managed and should be shared among all the employees. Once, the organization has an entrepreneurial nature, it should continue alongwith the growth of the organization.

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An entrepreneurial culture can bring in revenue growth, net income growth, employment growth and stock price growth. Also, an adaptive corporate culture is the key to financial performance. So, this drives the organization towards innovative, creativity, risk-taking, and empowerment.

It has become an absolute necessity to build an entrepreneurial organizational culture to face the challenges and to be successful. Hence, it can be concluded that the creative self-starters who are being given the autonomy can give good rewards to an innovative organization.

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