ENTERPRISE CULTURE

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Abstract

Being enterprising involves being prepared to take risks and to 'think out of the box' in order to develop solutions to problems. The term culture refers to the typical way of behaving within an organisation or in society as a whole. An organisation therefore with an enterprise culture is one where people are imaginative and creative, rather than reluctant to take risks. This applies to a range of small and large enterprises. In big companies there is sometimes a danger that the organisation develops a structure that discourages enterprise. However, one way of getting round this has been to organise people into teams where they are encouraged to make decisions for themselves providing they keep in line with the overall objectives and targets of the organisation as a whole.

Keywords: enterprise culture, organization, corporate culture, business, values, society

Preliminary considerations

The term "enterprise culture" was developed in the 1980s particularly in Britain where it described the American culture. The term was used in two ways. On the one hand, it referred to the social conditions necessary to promote "enterprise," defined in straight capitalist terms as the willingness to take a financial risk. Enterprise was not just a response to market incentives but also depended on an attitude embodying self-sufficiency, an identification of one's family with one's property and a hostility to socialism, to all forms of state dependency, and indeed, to the very idea of "society." And this fed into the second use of the term: "enterprise culture" also described as the culture of the new, 1980s entrepreneurs, the culture of competitive, hard-working, self-driven people. Another definition of enterprise culture is a society in which personal achievement, the earning of money and the development of private business is encouraged.

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of small and large enterprises. In big companies there is sometimes a danger that the organisation develops a structure that discourages enterprise. However, one way of getting round this has been to organise people into teams where they are encouraged to make decisions for themselves providing they keep in line with the overall objectives and targets of the organisation as a whole. Society as a whole can develop an "enterprise culture". This involves moving away from a 'dependency culture' where people continually expect others (often the government) to sort out problems for them. An enterprise culture is made up of enterprising people who are prepared to challenge existing ways of doing things, and to come up with new ideas and solutions to the benefit of society as a whole.

The differences between enterprise culture and corporate culture

Enterprise culture consists in an organizational or social environment that encourages and promotes initiative and innovation. An organization with an enterprise culture is usually more competitive and more profitable than a bureaucracy. Such an organization is believed to be more rewarding and stimulating to work in. A society with an enterprise culture facilitates individuality and requires people to take responsibility for their own welfare.
The characteristics of enterprise culture are:
- the enterprise culture is useful for small businesses;
- the enterprise culture is characterized by innovation, creativity, dynamism, and risk;
- it usually requires several of the following attributes: flexibility, initiative, problem solving ability, independence, and imagination;
- enterprises flourish in the environment of nonhierarchical organizations, but can be stifled by bureaucracy.

The corporate culture consists in the combined beliefs, values, procedures, and atmosphere of a large business. This culture is often expressed as "the way we do things around here" and consists of largely unspoken values, norms, and behaviors that become the natural way of doing things. This culture is typically created unconsciously, based on the values of the top management or the founders of a business.

   The characteristics of the corporate culture are:
- the corporate culture is useful for large businesses;
- the corporate culture is more natural and unconsciously created;.
- in large businesses there is an unavoidable bureaucratic hierarchy;.
- the leader has a very pivotal role;

The main differences between enterprise and corporate culture are the following:
- the size of the business in a corporate culture context is larger than in an enterprise culture context;.

- in a corporate culture context there is an obvious hierarchy whereas in an enterprise culture context it is not;
- the corporate culture is often associated with dress code, titles, and organizational structure whereas enterprise culture is concerned mainly with the output regardless of the rest.

People who work in small businesses or in small corporate divisions are more likely to start a business than those who work in a large firm because they gain more familiarity with the whole business process, which makes starting a business seem much more feasible.

Creating a social enterprise culture

Developing a business venture within an existing nonprofit organization creates significant challenges. One of the most serious is the need to develop a new organizational culture. A new culture is necessary because social enterprises attempt to blend the missions and methods of traditional businesses. One of the biggest challenges for the leader of a social purpose enterprise is to create and manage one organizational culture that brings together both the nonprofit and for-profit cultures.

One way to understand the organizational culture is to think of it as similar to an individual's personality. Some people are shy, while others are outgoing. Some people are rational and objective, while others rely more heavily on emotion. We all have patterns in the way we respond to the world around us. These patterns make up our personality or the way we are. The organizational culture is the way we do things around here. It is based largely on what has worked in the past as the organization has met and overcome environmental obstacles. An organization's founder usually has the most profound impact on the kind of culture that an organization develops over time.

The organizational culture is a pattern of shared basic assumptions that the group learned as it solved its problems of external adaptation and internal integration that has worked well enough to be considered valid and therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems. There are three levels of culture: artifact, espoused values and basic assumptions. These levels range from obvious and tangible to invisible and intangible. Additionally, each level presents a varying degree of ambiguity.

Artifacts are the first level of culture. They include physical spaces, dress code, written policies and other very visible phenomena. Things at this level of culture are easy to identify but difficult to understand or interpret. For example, there are many different inferences that can be drawn from a company's dress code. While the dress code is relatively obvious, its cultural meaning is not.

The next level of culture is *Espoused Values*. These are conceptions of the way things should be that are clearly communicated and consciously understood. They are the values that people say that they have. A company's mission statement is an example of an artifact that represents their espoused values. Espoused values are not seen directly, but only through representation in artifacts and behaviors. Because of this they are less visible than but also less ambiguous than artifacts.

Basic Assumptions represent the final level of culture. These ideas or beliefs are so ingrained in the culture that they go largely unnoticed. They are essentially invisible. Unlike values, they are not directly communicated. They are taken for granted. However, once uncovered, their meaning is very clear and they illuminate previously discovered values and artifacts. This is because they are the basis for values and artifacts.

Nonprofits and for-profits have significantly different cultures.

Comparison of nonprofit and business cultures

	NONPROFIT	**FOR-PROFIT**
Purpose	Changed lives	Product or service delivery
Goals	Ambiguous	Concrete
Customer Relationships	Unclear boundaries	Clear boundaries
Performance Measurement	Unclear measurements	Clear measurements
Risk	Cautious, minimize risk	Risk-taking
Flexibility	Slow	Quick, responsive
Management Frequency	Yearly	Daily, weekly
Reason for Existence	Cause	Profit-maximization
Cooperation vs. Competition	Cooperation/collective	Competition/individualistic
Value Creation	Social/spiritual value	Economic value

Note: Original summary of the work of Flannery & Deiglmeier (1999).

Social enterprises attempt to blend these opposing cultures. According to Greg Dees, in his classic article on social enterprise in the *Harvard Business Review*, this blending involves the combination of:

- concern for others and self-interest
- mission-driven and market-driven approaches
- social and economic value creation
- philanthropic and investment capital
- volunteer and highly paid labor
- free and full-cost products and services.

The process of combining these two disparate cultures creates internal and external conflict. Internally, staff, volunteers and board members commonly resist the new direction and feel angry and betrayed. Externally, clients, communities, government, funders and businesses often criticize nonprofits for adopting earned income strategies.

In order to develop a successful social enterprise, leaders need to develop an organizational culture that is conducive to nonprofit ventures. They may also need to influence the culture of the surrounding community. To understand the nature of this conflict, just imagine trying to change your own personality. Think about how you would respond to someone's suggestion that your way of living, which has worked for you throughout your life, was incorrect, inappropriate or irrelevant. Even if you believed them, which you probably wouldn't, it would be difficult, if not impossible, to change a lifetime of habits and beliefs. This is the task of the social enterprise leader, to change the fundamental practices, values and beliefs of an organization. According to Flannery and Deiglmeier, leaders play a key role in the creation, management and at times dismantling of a culture. In fact, a leader's primary responsibility is to lead cultural change.

Changing enterprise culture

There are five basic steps to changing the enterprise culture: identify, validate, envision, communicate and challenge. The first step of identification is so important because culture is often invisible to those that live within it. Identification involves making the connection between the artifacts, espoused values and basic assumptions of your organization. As with each of the other steps in the change process, this work should be done with significant participation from organizational stakeholders. It is often tempting to want to destroy the existing culture and replace it with something new, but this is not usually the best approach. Because the social enterprise is a combination of business and nonprofit culture, it is probably the elements of the existing culture that should be retained. Additionally, because of the resistance from internal and external sources, it is very important to validate the value of current practices. This process reinforces the worth of the organization's staff and constituents as well as the organization's history.

The third aspect of the cultural change is to develop a vision of an ideal enterprise culture. Involving all stakeholders significantly should minimize resistance and maximize commitment to the new approach. Again, it is important not to rush the process. Destroying the old culture before envisioning a realistic alternative can create organizational chaos and derail the success of a potential venture. Fourth, it is necessary to communicate a clear picture of the new culture. Effective communication requires both educating and persuading the organization's primary constituents. It is not enough simply to inform people of the impending changes. Since people always resist change, communication needs to focus on the benefits of the change for each group that will be affected.

The final step is to challenge the existing culture. Many people will maintain their current habits and beliefs throughout the first four steps and deny the reality of impending changes. By challenging the culture, you show people that you are serious about developing a new culture. This step is accomplished primarily by removing, replacing and adding artifacts.

One common practice is to create a new name, brand or logo for the social enterprise or the entire organization. This new image communicates a distinct identity and a change of direction. Changed artifacts can also include a new mission statement, modified compensation systems, different policies and procedures and new staff or board members. When deciding which artifacts to modify, it is important to choose those with the greatest meaning. Certain elements of any organization are symbolic of its culture. Changing those symbols will clearly communicate a new direction for the organization.

The most influential element of any culture is its people. Ultimately, a new culture will require at least some new people. In the case of a nonprofit launching a social enterprise, these people may have business education and experience or other necessary skills and values. Cultural change may also necessitate the removal of people who cannot or will not adapt.

Conclusion

In some cases, it is not realistic to attempt to change an enterprise culture. There are two alternatives to wholesale cultural change. First, you can develop a social enterprise sub-culture by creating a distinct department or division within the organization. Second, you can start a new culture by developing a separately incorporated nonprofit or for-profit organization. The decision to avoid widespread cultural change is usually based on the organization's age and size. Generally, the larger an organization is, the more difficult it will be to change the culture. Similarly, it is difficult to change the culture of older organizations and somewhat easier for smaller ones. Developing a social enterprise culture within an existing

nonprofit organization is a tremendous challenge. However, it is both possible and necessary for nonprofits that need new and diverse sources of revenue.

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