

Development of Entrepreneurial Culture in Process of Business Integration

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Abstract: The paper deals with the issues of entrepreneurial culture and development of its forms during establishing and development of business processes. The analysis is performed in regards to a phenomenon of entrepreneurial culture and its forms. The contents of entrepreneurial culture and its levels are studied. A classification of the entrepreneurial culture forms depending on the type of economic system is suggested. A list of restrictions in small business activity is suggested. Such restrictions depend on development of the entrepreneurial culture and domination of some or other its forms in the entrepreneurial system. The difficulty of relevant presentation of the current situation in Russia within the framework of the dominating economic and management approaches make us refer to the issue of economic culture. A comprehensive concept of culture with multiple "meanings" is widely applied in several liberal arts and is considered to be hardly formalized. Partially it is one of the reasons why the culture today is out of the focus of the majority of economists which still do not consider it to be "their" category. The attention is drawn to the specifics of display of the entrepreneurial culture contents and forms for small business in modern world. The development of the entrepreneurial culture forms is studied depending on the forms of business integration especially of the small one in course of the establishment of entrepreneurial unions and networks. The specifics of display and trends of development of entrepreneurial culture and its forms in modern Russia are demonstrated.

Key words: Adhocracy • Entrepreneurial culture • Values • Standards • Hierarchy • Institutions • Integration

INTRODUCTION

The organizational and cultural factors are very important for any business especially for a small one and they are the major contributors to business processes [1-3].

First of all small business is characterized by legal and managerial independence. In this regard the economical and legal as well as the managerial ways to influence it applied by other business structures are restricted first of all by the existing contracts. Here the informal organizational and cultural contacts become of higher importance [1, 2].

Secondly high mobility and simultaneously the continuous risk exposure due to low stability of the volatile market force small companies to find additional

ways of stabilization. Frequently such stability can be provided by non-economical factors including informal cultural relations [3].

Thirdly trying to survive during the global recession the small companies much more often than other business entities have to do irrational from the economic point of view solutions. Such solutions are not described by the existing economic approaches but in many cases they become rational in a specific situation [2, 3].

Despite the fact that it is the institutional theory in the modern science which claims to explain the irrational behavior of economic entities no institutions can be studied irrespective of studies of the economical culture as a meaning of a wider nature [4]. The majority of economic studies do not separate the institutions and culture as the investigation toolkit available for the

economists is not enough for it. The concept of culture has nothing to do with the dominating neoclassic model of the economic science with the "economic man" on the top. It is a complex task to distinguish categories and stable economic interactions related to culture as well as to apply economic modeling to study it.

MATERIALS AND METHODS

The article writers applied scientific abstraction methods, neoclassic and institutional approaches, historical method and method of logic modeling. As well experiment, observation, expert evaluation and analog methods were applied. The studies used the papers of national and foreign economists in business ethics, management theory and statistical surveys on small business in St. Petersburg.

The Main Part: Establishment of the entrepreneurial networks was a logical step both in business integration process and from the social and cultural points of view. Not only occurrence of new processes and technologies facilitating communication but deep changes of the business climate in the society, higher role of business ethics and other forms of organizational structure became the background for occurrence and strengthening of networks [5, 6]. The entrepreneurial culture in the economy is the complex of informal standards determining the behavior should be considered as the means to compensate the incapacity of the government and market as well as the means to support integration in the economy and society. It has been established that the market model without ethics as the display of culture is the requirement for the perfect competition which assumes immediate accommodation to changing conditions without costs and implementation of contractual obligations with zero transactional expenditures [7]. But considering imperfect competition mutual confidence and reliability of partners on a contract minimize the transaction expenditures and that means the total costs are reduced as well. Maintaining favorable climate of business relations and "transparency" of an enterprise improve labor activity; increase the efficiency of firm resources utilization.

Studies of the firm culture were initiated in the US in the 1980s as a part of search of the main factors of success of firms on a market. The founders of the study were E.H. Schein, I. Ansoff, W. Ouchi. Nearly all high

profit companies as early as those years included special divisions responsible for introduction of "high values" and over a half of companies - special programs to connect these values with the measures to increase labor efficiency and the appropriate target personnel training.

The entrepreneurial culture will be discussed according to D. Bell as the "world of images and notional forms" [8]. Indeed for the firm it is a set of rules, instructions, standards of personnel behavior which assist in establishing a team and communicating with external environment. Subsequently this concept (including the results of interviews) in respect to the firm was considered to be the values and standards, rules and concepts used by the company in its lifecycle. That means it became closer to well-known among the economists "institution" concept interpreted as "a totality of value and behavior relations combined with the formal standards and informal rules: values, beliefs, rules, traditions, behavioral patterns".

The concept of culture in the context of entrepreneurship study is mainly interpreted as an "entrepreneurial culture" of business or organization. On the one hand the elements of the entrepreneurial culture are represented by the system of basic assumptions, standards and values dominating in an organization and on the other hand - it's notation. But only one component of the organizational structure for example notation is not enough if the style of management and business communication does not comply with it.

Despite the non stable character of this concept the firm culture can be determined as a stable not altering for a long time system of values, concepts and assumptions dedication to which is typical for the organization as a whole and all its members [9, p. 9]. This study of N. V. Levkin mentions that the organizational and cultural component supplements the strictly economical set of questions "What should be produced? How? For whom?" with the question "What is the reason of production?"

Let us add the notional forms to the contents of the entrepreneurial culture which are necessary for integration of various business forms and we will get Fig. 1.

Now let's refer to the forms of entrepreneurial culture. If the criterion is the type of the economic system the following several forms of entrepreneurial culture can be distinguished [10].

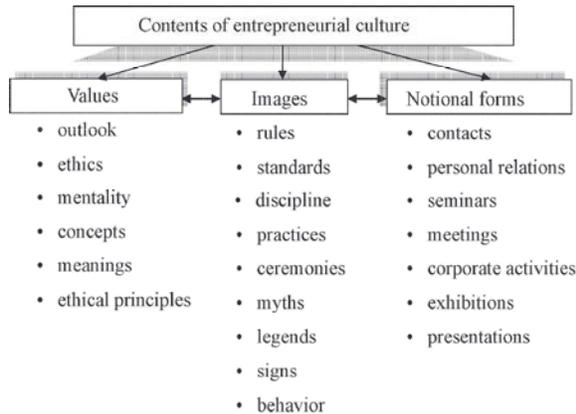


Fig. 1: Contents of entrepreneurial culture

- Hierarchic or bureaucratic culture. It is more typical for the industrial society where the smoothly flowing and predictable production process requires stability. The key values of the organization with such a culture are distinct and standard distribution of responsibilities, developed accounting and control mechanism. Such culture dominates in large organizations, big enterprises. The bureaucratic culture is based on governance of regulations and procedures. It prevails in centralized economics where leading positions are occupied by large enterprises. One of key values of such culture is the sense of stability and order accompanied by occupational subordination. A position in such an organization is the source of power. Such culture is usually not acceptable for small enterprises.
- The main objectives of the market culture are to approach competitive advantages and to maximize the profit. Cost-based that means compensation-based relations dominate in such culture. Ownership of resources and production results are the source of power. The external environment is considered by such firm culture as a hostile force and the tasks of the organization is to move forward to high market results, to overtake the competitors and to take leading positions on the market. Winning in a competition is the key component of such culture. Today we can state that the market culture is widely represented in Russia among small private firms and small enterprises [11, 12].
- The clan culture in entrepreneurship is very alike an organization of family type. It became well known due to summarizing of the Japanese business experience. The clan culture is based on internal

group values of the organization. The traditions and a good command of them become the source of power. The Japanese firms have restored work ethics codes to a large extent which from Middle Ages were transferred together with the tricks of trades and from older generations to younger ones. The stake was made to a team spirit and unity of the firm members. The elements of the clan culture are loyalty to a firm and its activity, engagement of a worker to collective entities, self-regulation, participation in profits and lifelong guarantee of occupation. The external environment is not considered to be hostile. The clan culture takes place in small enterprises including family ones.

- The innovative (adhocracy) culture occurred in the era of postindustrial society. Adhocracy is some kind of a temporary structure. This term occurred just in the 80s of the 20th century. The key matter in this culture is the orientation to individualism, encouragement of risk and novelty. The firm of such kind searches for novelty solutions and is very creative. Today we rather face the oncoming motion of the economic entrepreneurial cultures of the East and West where the West tries to develop the principles of team spirit and equation of each worker values with the organization objectives and culture in their corporations and the East tries to engage individual reasons without which innovations are not possible in their corporations [13-15].

CONCLUSIONS

In regard to Russia the experimental application of the discussed forms allows making of several conclusions. First of all the studies made with the evidence from small St. Petersburg companies reveal that in contemporary post socialistic situation there are very little forms of organizational culture in the pure state. Secondly we can distinguish an expressively dominating type of culture only for one third of organizations. Most companies are characterized by mixed types or the culture is just emerging and not evident. Thirdly according to the studies the behavior of the most small market culture companies are characterized by driving to a top position. Continuous competition between the workers of the company and in the external environment, the sole focus on profits and high income are the main distinctive features of behavior in the framework of this culture. On

the fourth the hierarchic culture influences the operation of a half of the companies but stays dominating only for 13% of them. Nevertheless the attraction of power and person culture in the Russian culture is evident. As for crony and adhocratic, innovative cultures there are the less typical for our business.

As for methodology the scientific community acknowledges a higher importance of cultural factors for the economic system compared to institutional ones despite the fact that today the greater attention is paid to the institutional aspects. Hence it follows that in any transformation of social and economic nature the cultural component should be considered as initial one.

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