Abstract: The paper examines the role of an entrepreneur in developing an organizational culture which could contribute to sustaining a competitive advantage based on innovation. Early concepts of an entrepreneur and his role in the economy as well as the contemporary concept of corporate entrepreneurship are presented. The attempt is made to link these concepts by the corporate culture which should foster corporate entrepreneurship. It then presents Wal-Mart as an example of a culture fostering entrepreneurship based on innovation.

Findings suggest that entrepreneurship embedded in corporate culture is crucial for achieving sustainable competitive advantage and should be developed from the moment of the company foundation. The main values which fostered company success should be maintained whereas the way of implementing them should be changed along with changes in and outside the organization.

The paper contributes to the theory as well as to business practice with reference to sustaining competitive advantage based on an entrepreneurial corporate culture. Past research does not emphasize enough the development of entrepreneurship culture, which allows an organization to sustain its growth after the entrepreneur’s death. This problem should be tackled by scientists in the management field.

Keywords: entrepreneurship, organization culture, competitive advantage.

JEL codes: L26, O31, M14, M21.

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Introduction

One of the main focuses of the contemporary economy, sometimes called knowledge economy, is innovation. It renews interest in the works of J. Schumpeter and his concept of innovation and entrepreneurship; it is timeless and valid when nowadays big corporations managed by professionals are the main market actors. D. Levinthal [1995] relying on Burgelman and Sayles [1986] and Block and MacMillan [1993], pointed out that entrepreneurship activity is not only associated with the founding of new enterprises but can also occur in established ones. Big corporations face the challenge of how to increase innovation and organize the learning process to react to the changing environment. To solve this problem the concept of corporate entrepreneurship has been introduced.

The aim of the paper is to show that corporate entrepreneurship should be deeply rooted in its company culture, so the role of the entrepreneur/founder, is crucial. It was observed that the rules of corporate entrepreneurship were similar to the rules introduced by Sam Walton, founder of the biggest retailer in the world, so this case has been chosen as the example.

The role of the entrepreneur/founder of the organization in developing organizational culture was tackled inter alia by E.H. Schein [1983], Stachowicz-Stanusch [2007]. By relating it to the problems of developing competitive advantage and introducing innovation, it became a new and very important issue for research in the context of a knowledge-based economy. Some links between entrepreneurship theory and resource based theory (RBT) for achieving competitive advantage are shown meaning that the paper contributes to the research in this field presented inter alia by Montgomery [1995]. A critical literature review from economy, the theory of developing sustainable competitive advantage (particularly a resource based view) and organizational culture followed by the case study is used to solve the problem. The paper is structured as follows.

It starts by presenting some early thoughts on the concept of entrepreneurship with the focus on Schumpeter who stressed the role of the entrepreneur in introducing innovation. But at present corporations are managed by managers not entrepreneurs so the concept of corporate entrepreneurship, which has the role of fostering innovation is introduced. But the question arises if the introduction of this concept could be the source of sustainable competitive advantage. To answer this question the theory is presented which shows, that only if corporate entrepreneurship is deeply rooted in corporate culture could it contribute to the achievement of com-
petitive advantage. It is shown that culture, as an intangible asset, could be the source of sustainable competitive advantage (SCA), and by the same token, corporate entrepreneurship deeply rooted in the company could contribute to SCA.

This single case study method of Sam Walton the founder of Wal-Mart – the biggest retail chain in the world, is presented. This positive case study method is appropriate for the theory –testing research indicated above [Dul and Hak 2008, chapter 5]. Sam Walton is well known as the creator of the Wal-Mart organizational culture which is considered one of the main success factors of Wal-Mart, a company characterized by sustainable growth even after Sam Walton's death. Many of Wal-Mart’s routines have been copied by other companies and became the rules of entrepreneurial culture.

1. The entrepreneur as an agent and his role in introducing innovation

The concept of an entrepreneur and entrepreneurship can be traced back to the first economic activity which was trading and has changed over time along with the changes in economic focus. It has been examined inter alia by Dorin and Alexandru [2014] and Wood [2005]. Dorin and Alexandru [2014] pointed out that the first entrepreneur was defined by Richard Cantillon in the eighteenth century who described him as a person “Willing to buy at a certain price and to sell at a certain price” [Cantillon 1931]. At the beginning of the nineteenth century Jean Baptiste Say considered that the role of an entrepreneur is to transfer the economic resources from the sector with lower productivity into another with higher productivity and better outcome [Dorin and Alexandru 2014, p. 445]. His concept is then developed by Kirzner [1973] who holds that an entrepreneur is a person who identifies the information asymmetry and takes advantage of it as an arbiter. He is just a person who creates a business [Hashi and Krasniqi 2010].

During the twentieth century an Austrian economist contributed to the development of this concept. J.S. Wood [2005] examines some thoughts of F.K. Knight, F.A. Hayek, J.A. Schumpeter. L. Mises, I. M. Kierzner, G. I. S. Shackle and L.M. Lachmann showing how these economists, by emphasizing different aspects of entrepreneurship, have contributed to the understanding of what entrepreneurship is and how the entrepreneurship function is fulfilled.
The crucial role of an entrepreneur in the economy was highlighted by Schumpeter. He stated that an entrepreneur plays the most important role in capitalist society because of introducing innovation – “carrying out new combinations” [Schumpeter 1961, p.132] of resources which is fundamental for development. Schumpeter stressed that “Economically and sociologically, directly or indirectly, the bourgeoisie therefore depends on the entrepreneur, and, as a class, lives and dies with him” [Schumpeter 1943, p. 134]. In his first works he had associated an entrepreneur with an individual whereas later had changed his mind and assigned entrepreneurial behaviour to big organizations.

An entrepreneur introduces innovation which is the application of a solution for the first time on a world scale, with the regard to the “introduction of new goods, introduction of a new method of production, opening a new market, conquest of a new source of supply of raw materials or half-manufactured goods and implementation of a new form of organization” [Schumpeter 1912, p. 66; quoted after Kosala 2015].

For Schumpeter entrepreneurship is reserved for a brilliant, imaginative, daring, resourceful innovator” [Kirzner 1973, p. 129]. The main drives for an entrepreneur are:
- the will for power and independence,
- the aim of triumph,
- the happiness of creating.

Wieser [1927, p. 327] characterizes entrepreneurs as “Great personalities... bold technical innovators, organizers with a keen knowledge of human nature, far-sighted bankers, reckless speculators, the world-conquering directors of the trust”.

Such entrepreneurs are very desirable in the present day economy characterized by constant environmental changes, especially in technology and consumer expectation, to exploit these opportunities and convert them into market success. Focus on innovation as a main source of companies’ success has brought new life to Schumpeters’ views. But in case of corporations it is difficult to apply the model of individual entrepreneurship. Thus the concept of corporate entrepreneurship has been developed.

Corporate entrepreneurship refers to different types of entrepreneurial behaviour in existing, large organizations (corporations) aimed at achieving – through encouraging innovation – competitive advantage at all levels: corporate, divisional, business units, business functions and project teams [Burns 2011, p. 471]. Such corporate entrepreneurship should be deeply rooted in organizational culture, which is considered
as a source of competitive advantage by the proponents of resource-based theory.

2. Entrepreneurial organizational culture in the development of competitive advantage

Schein [1983] defined organizational culture as the pattern of the basic assumption that a given group has invented, discovered, or developed in learning to cope with its problems of external adaptation and internal integration – a pattern of assumption that has worked well enough to be considered valid and, therefore, to be taught to the new members as the correct way to perceive, think and feel in relation to these problems. So the organizational culture depends for its existence on a definable organization.

Such an organizational culture is considered as an intangible resource by the representatives of the Resource-Based Theory (RBT) of developing sustainable competitive advantage which perceives a company as a unique bundle of tangible and intangible resources. These resources are the basis on which the company can build its sustainable competitive advantage (SCA) [Minzberg and Lampel 1999; Obłój 2001]. The resources can become the source of SCA if they are valuable, scarce, imperfectly imitable [Barney 1999].

Organizational culture which is developed by a certain organization is unique and imperfectly imitable; but to be the source of competitive advantage it should be valuable [Śmigielska 2011, 2012]. It has been noticed inter alia by R. Hall [1993], who regards the employees’ knowledge, organizational culture along with reputation, innovation, connection network and databases as the most significant factors in building competitive advantage. He points out the need for continuous development of capabilities and sustaining the value of intangible assets, as well as using them for the development of the organization, especially for diversification.

K.P. Coyne [1986] identified cultural capabilities and discussed their importance for SCA together with functional, positional and regulatory differential. He states that cultural capability applies to the organization as a whole, including both individuals and groups which comprise the organization.

As far as core competences based on knowledge are concerned two important cultural aspects could be identified: positive culture and routines, which are included in the culture.
The role of positive culture was stressed by Sharkie [2003]. When analyzing knowledge creation and its place in the development of sustainable competitive advantage he said that “The positive culture is of critical importance because organizations operate in all areas through people and it is their contribution which determines success, because it is people working within organizations, not the organizations themselves, who provide the initiative, the productive input and the reflection on these activities” [Sharkie 2003].

Organizational routines are the result of the learning process. Knowledge generated in it should become organizational routines; routines which are available for the employees desiring them. Routines become organizational assets. They are regular and predictable characteristics which coordinate the activities of different people [Nelson and Winter 1982, p. 15]. Coordination aims at raising the efficiency of resources and as a consequence the whole organization. What is more these routines could also be used in other places where similar resources are coordinated and in this way they contribute to sustain the company’s advantage [Winter 1995, p. 149]. The routines used to develop a new product and new markets are core competencies. They are knowledge assets and they should be constantly perfected. This process requires knowledge management which is also the set of routines on how to change the tacit knowledge into routines [more in Zollo and Winter 1998].

Thus routines are the result of an organizational learning process. They are worked out in the process of interaction of organization members with the members of its environment. They become knowledge assets but the organization should also have the routines of knowledge management, which stimulate the process of perfecting existing routines, in this way giving the capabilities of their development the status of dynamic capabilities [Zollo and Winter 1998].

The process of learning and knowledge management should be deeply rooted in organizational culture which predicts revenue from new resources. This culture defined by S. McGuire [2003] as Entrepreneurial Organizational Culture (EOC) is 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 also expecting organizational members to behave accordingly.
J. Duobiene and A. Pundziene [2007] recalled the main characteristics of entrepreneurial organizational culture indicated by J. Cornwall and B. Perlman [1990] which include:

1. Risk tolerance. Innovations and the search for possibilities are supported at all levels of the organization from the ordinary worker to general director and owner.

2. Respect down activity. Each member of an organization realizes that each organization has a contribution to make, that it is much needed and deserves a serious approach and respect of all in the work place.

3. Ethics, confidence and responsibility. It is the commitment of people in an organization behaving properly in respect to each other.

4. People. Organization members are involved in organizational activity. Owners, managers realize that people are the main resource of an organization.

5. Emotional recognition. It is listening to the opinion regarding various dealings and taking them into account.

6. Satisfaction with work. Work is not distributed to organization members, but for each task a person willing to carry it out is appointed.

7. Leadership. Employees have the possibility to take initiative, realize their ambitions and are given the necessary authority.

8. Focus on consumer values. Everything an organization does should be valuable to its customers and employees.

9. Attention to detail and finish. If something is well done, thus it can be done better.

10. Effectiveness and efficiency. For an organization to be effective it should not only create its future but also properly carry out its daily activity. Such a culture is said to be a successful culture because it fosters employee development and encourages highly competent employees to exercise their talents to impact positively on the organization. Such a culture is crucial for developing a sustainable competitive advantage in all types of organizations, but in a retail organization in particular. It is because retailers:
   - have direct contact with the clients,
   - are in a service business so their success significantly depends on employees,
   - operates in a highly competitive market.

But such a culture in order to be the source of SCA should be developed from the moment the company is founded and the founder/entrepreneur has the crucial role in this process.
3. Sam Walton as an architect of Wal-Mart organizational culture

Wal-Mart is now the biggest retail chain in the world. The success of the Wal-Mart organizational culture made it one of the most famous organizational cultures of all time [Hill and Jones 2009, p. 242]. It has been developed around the image of the company founder Sam Walton. He was a typical entrepreneur [Slater 2009, p. 12]:

1. He was probably the best trader of his epoch.
2. He had an amazing instinct which told him which products to buy and how to sell them at favorable prices, where and when to locate them in stores and what they should look like.

He was an innovator in Schumpeter’s sense because of the creation of a new organization within an industry (discounting). He also created a model of distribution FMCG, in which a retailer owns logistics centres and has its own transport fleet. This model has been copied by the big retailers and has become very popular.

Wal-Mart’s organization culture focuses on reducing costs, so the firm can provide low prices to its customers. It is reflected in Wal-Mart Stores’ Mission statement: People, Saving Money, Living a Better Life [Wal-Mart Store Mission Statement 2015]. The company, although it has become very big, has been able to stay competitive because managers have enough flexibility to respond to nearby rivals with lower prices. It was due to the culture developed by Sam Walton and his successors.

In 1962 Sam Walton established three basic rules for company management:

1. Respect for an individual.
2. Service to a customer.
3. Striving for excellence.

Company values which are communicated to employees and clients involve:

- taking care of a client,
- taking care of a partner (employee),
- selling the national brand products at lower prices.

It is believed that the heart of Wal-Mart’s success lay in ten private rules of management followed by Sam Walton. They are as follows [Małkowska 2003]:

1. Commit to your business. Believe in it more than anybody else. Bring passion to your work.
2. Share profits with your associates and treat them like partners.
3. Motivate your partners. Money and ownership alone are not enough. Set high goals, encourage competition, and then keep the score.

4. Communicate all the time. The more they know, the more they’ll understand. The more they understand, the more they’ll care. Once they care, there’s no stopping them.

5. Appreciate everything your associates do for the business. If people believe in themselves, it’s amazing what they can accomplish.

6. Celebrate your successes. Find some humor in your failures. Don’t take yourself so seriously.

7. Listen to every suggestion and motivate your partners to propose new ways and solutions. The folks on the front lines – the ones who actually talk to a customer – are the only ones who really know what’s going on out there.

8. Exceed your customer’s expectations. The secret of successful retailing is to give your customers what they want.

9. Control your costs better than your competitors, because this is the true source of advantage.

10. Swim upstream which means ignoring conventional wisdom. If everybody else is doing it one way, there’s a good chance you can find your niche by going in exactly the opposite direction.

As customer satisfaction was Sam Walton’s focus he added two additional rules for employees who have ongoing contact with them. The “ten-foot rule states that anytime an employee comes within ten feet of a customer the employee is to look the customer in the eye and ask if he or she requires help of any kind”. The other rule called “sundown rule”, related to customer requests says that “expected to answer requests by sundown on the day the requests are received” [Davies 2007].

When comparing Sam Walton’s rules of management with the characteristics of entrepreneurial organizational culture indicated by Cornwall and Perlman a lot of similarities could be identified. The most important for Sam Walton was focus on the client.

He assumed that shopping is a difficult and rather annoying task so the role of a retailer is to convert it into a pleasurable experience [Slater 2009, p. 48]. It is why he strived to make the stores well organized and cared about a good shopping atmosphere. It was created by the smiling and very helpful employees. Sam Walton personally was engaged in developing such a friendly culture not only by setting the rules but by communicating them and by his own example.
Along with the consumers the other valuable resource for Sam Walton was employees. He appreciated their role in company development not only in their everyday activities but also by providing innovative ideas. Thus he involved them in different organizational activities as well as listening carefully to their suggestions. Sam Walton was personally engaged with some of them by visiting stores belonging to the Wal-Mart chain and talked not only to the managers but also to ground floor workers. His “yellow book” where he put the notes was very famous. He rewarded them for good work and innovation (D. Gross, 1999). Acquiring stock shares in the company by the employees was an important element of the motivation system, as this made them owners of the company. To show his respect for employees Sam Walton introduced the “open door” policy. Open door policy meant that every employee could come to top managers to present problems and complaints related to his work and they would be analysed to find a solution.

The concept of leadership was implemented by giving the store managers a lot of freedom to manage their stores, but, on the other hand, they were held responsible for their decisions. Each store had to be a “profit centre”. The respect paid to the employees resulted in their commitment to all tasks and was reflected in the high level of organizational culture. Such values as ethics, confidence and responsibility were communicated by Sam Walton’s behaviour and symbolic behaviour. The idea was to reinforce its emphasis on controlling costs to fulfill the company mission [Ferguson, 2015].

Although Sam Walton became very rich he lived with his family in a very modest house and went to work in an old pickup. The fact that photocopying machines at corporate headquarters had cups on them for employees to pay for any personal copying is an example of a symbolic behaviour. At the traditional Saturday morning meeting employees present information on cost control-measures they have recently undertaken.

When Sam Walton died in 1992 the value of his business was USD 43,8 bn. After Sam Walton’s death the company could not be managed in the same way. Three main reasons could be identified. First was that nobody could take Sam Walton’s place – talk to people, communicate with them the main values because nobody from the management team had his talent and charisma. The second was that the company became too big to manage in the same direct and personal way as it was done by Sam Walton. It also internationalized and some key elements of corporate culture did not fit to new markets. For example, in 1997, because of internationalization, the programme “Buy American: was changed with a “Make Right Here”
programme which promoted buying domestic products. Thus the culture had changed, but it still had four main components, which guided employees’ behaviour. The components are also identified as Wal-Mart’s beliefs [Walmart’s Organizational Culture, 2015]:

– service to customers,
– respect for an individual,
– strive for excellence,
– action with integrity.

Its main focus “service to the consumer” is reflected in a company slogan “Exceed customer expectation”. According to Slater the difference, between Wal-Mart and other chains addressing their offer to a similar market segment is visible. In Wal-Mart stores shop assistants are smiling and helpful whereas in the stores belonging to other chains employees often disregard customer wishes [Slater 2009, p. 49].

R. Slater [2009, p. 105] noticed that in 2002 the corporate culture of Wal-Mart developed by Sam Walton was still alive. At the doors the client was welcomed and employees exclaim their enthusiasm for Wal-Mart in the same way during the morning meetings. The open door policy also remained after his death.

Although Sam Walton avoided formal, written procedures the “Guiding Principles”, with the best practices were created. They appear in the company’s flyers and the “Ten Rules of Business” could be found on the stairwells and hallways of employee areas and offices [Wal-Mart organizational culture 2015]. In 2005 Wal-Mart went through incremental changes to improve operating structures, workflow processes and procedures [Driving Business Performance, pdf.].

It was decided that in such a situation the training delivered through instructor –led and computer based training was not sufficient to educate the former district managers who become market managers. As the result of an eighteen month project the competency models for all workplaces in the company were developed. The training process in Wal-Mart consisted of three phases: onboarding, foundation and advanced. During the first one a new employee learns about the corporate culture, diversity and orientation. The second one gives the employees access to the targeted skills training whereas the last one provides a higher level of learning and it is targeted to the specific competency gaps. The ongoing learning process is facilitated by Wal-Mart executives each week flying out to the stores to get tacit knowledge about the local market and conditions. This knowledge is then processed to be shared with the others during the traditional Saturday
morning meeting at Bentonville – the Headquarters. The best ideas are discussed and then implemented as operational routines.

Now these traditional systems of perfecting routines is supported by information technology. Wal-Mart invested USD 4 bn. In a Retail Link computer satellite system. This system enables the exchange of point – of sales purchase information with vendor partners and each store and enables each department manager to know exactly about their own sales, margins and profits, absolutely and relatively to other stores and departments. The 104 –week rolling history of every item in the Wal-Mart distribution system is known as well as the status of any product in the store. Each department effectively becomes an individual shop proprietor with all the attendant feelings of ownership.

Conclusion

Nowadays a lot of attention is paid to the problem of fostering and managing innovations which are sought as a main source of competitive advantage. It seems that the statement of Schumpeter who said “that an entrepreneur could be eliminated from the society if “innovation itself is … reduced to routine”[Schumpeter 1942, p. 132]” is now valid for big corporations. The role of an entrepreneur is taken over by routines developed for the purpose of knowledge management to let the organization react to the changes in the environment.

The paper shows that the role of an entrepreneur/founder of an organization or somebody who has determined the most important values, and determined its culture in this way and should not be neglected. Successful culture (entrepreneur culture) involves all the important values in the contemporary economy: focus on customer and employee, fostering innovation, participation of organizations’ members in the management process. Such a culture can not be built in one day but it has to be developed. Such a culture should also include the routines concerning knowledge management and methods to change the routines.

Along with the environmental changes and changes in the organization itself the culture should evolve, as it did in the case of Wal-Mart. If the culture does not evolve it becomes the obstacle for organizational growth. Another problem could arise when the successors of the entrepreneur/founder do not follow his policy. This was the case when Wal-Mart started to develop very fast, also in international markets, and the company in the US was accused of not providing employees rights.
In the paper the focus was on entrepreneurial organization culture which fosters organization learning process and growth. But there are some other areas which could be related to the entrepreneur role in economy indicated by the economist such as motivation, personality.

The practical role of this paper is to show how important the role of the entrepreneur/founder of the organization is and it opens a lot of new areas to be researched amongst Polish entrepreneurs who are now in the process of developing their organizational cultures.

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