

BEING EFFECTIVE ENTREPRENEURS BY EMBEDDING CULTURE IN SMES

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ABSTRACT:

SMEs as small organization initiated by entrepreneur who is required to be responsible in the business continuity. This study has a purpose to examine the entrepreneurs in some small companies in terms on how effective they are as the entrepreneur based on company culture embedding process. Guided by 8 questions for interviewing the founders/owners and employees of businesses used here, this qualitative study used 5 observers to collect the data and observe the research objects. The result of the data analysis is only 2 companies, those are hairdresser salon and handicraft shop have good awareness and embedding process of founders' as entrepreneurs' culture. The better spirit at work, lower labor turn-over, higher creativity and the last is better performance is sales and financial as well found in the 2 mentioned companies. The other 3 companies seemed not to pay attention of founders' values as a part of company culture, thus the result is obviously, worse spirit at work, boredom, lower creativity, and higher labor turn-over. The sales value and financial situation of those 3 companies are not satisfactory.

Key words: *entrepreneurs, company culture, embedding culture, SMEs*

ABSTRAK:

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INTRODUCTION

Small and Medium Enterprises (SMEs) are booming because of their contributions to GDP for countries, especially emerging economy countries. SMEs in Indonesia assist the issue of employment. SMEs create job and reducing the unemployment rate. Based on COMCES Coordination Office (2013) as cited in GEM 2014 Indonesia Report (Nawangpalupi et al., 2015), SMEs in Indonesia created 101,722,548 jobs in 2011 and 107,657,509 jobs in 2012 and have contributed to more than 90% of GDP as well (Nawangpalupi et al., 2015). It was amazing percentage compared to between 2003 and 2006 both small and medium-scale businesses contributed more than 50% to GDP growth as cited by GEM 2014 Indonesia Report (Nawangpalupi et al., 2015) from Tambunan (2008). For instance, Indonesian Government has been supporting the development of SMEs through many empowerment programs of entrepreneurship such as courses, trainings, and even formal education. Most studies on entrepreneurship agree that entrepreneurship will develop and improve the capacity of emerging economy to become larger and developed.

The SMEs may get knowledge in leadership, management, and business either marketing, finance or human resources but if the founder of SMEs cannot embed the right culture based on his/her basic assumption, the business will not easily survive during its midlife. Being an effective entrepreneur is needed to keep the business operate and it doesn't need business and management skill only but also leadership as well. An entrepreneur as leader has an entity of business that contains of people whom should be directed to the same way to achieve the business' goal not only how the followers do what the leader says.

A-John Wayne-cowboy (tough, gutsy, and male) in a business version might have described an entrepreneur that steered his business through the rodeo of commerce without training or education and the assistance of bankers or other experts thus entrepreneurs were once seen as small business founders with a strong independent streak and perhaps a flair for the dramatic. Entrepreneurs were thus born, not made (Dollinger, 2008). But now, it changes because of two trends. Firstly, there is increased emphasis on leadership as a complex phenomenon and

although most people have some capacity for it, the experts agree that outstanding leadership is always in short supply. The entrepreneur has to lead his or her organization and its people, to be a motivator and a model for behavior. He or she must be out in front inspiring people to follow. Secondly trend is better management that urges the entrepreneur to be a manager who plans, monitors the business's achievements, controls the flow of work and information through the organization, and does staffing the venture with other leaders and competent managers. Shortly, the days of building a better mousetrap and leaving it at that are gone (Dollinger, 2008). Being entrepreneurs now is more challenging since the functions are not only leading but also managing.

Once an entrepreneur starts his or her venture and become a company, the attention of time to time is drawn by business processes such as finance, marketing and operations. So, when the company becomes stable and larger, the other problems come up such as human resources issues, instable employees turn-over, and culture or habit that traps current employees in comfortable and not easy to change towards the new business trends or mainstreams. In this situation, the owner as entrepreneur and leader as well mostly feel desperate and ask questions of "why do the employees not want to change better?", "why do the employees keep doing the old ways to work?", or "why do the employees not have loyalty to the company?", and the last, the critical question may be "does our company have an identity?" etc. and when this question appears, it's late. The study by Schein (Schein, 2010) examined culture and leadership closely as two sides of the same coin; neither can really be understood by itself. On the one hand, cultural norms define how a organization will define leadership. On the other hand, it can be argued that the only thing of real importance that leaders do is to create and manage culture (Schein, 2010). Schein stated that the unique talent of leaders is their ability to understand and work with culture.

The culture of a company, specifically, can be defined as "*a pattern of shared basic assumptions that was learned by a group 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” (Schein, 2010). Because the company culture is specific for a given company, the existence of culture is very important. The company culture will guide the entire organization to think, work, feel and speak in the same correct way according to the company.

Schein (2010) brought the three levels of culture into new paradigm that is used in many corporate culture studies. The three levels of culture proposed by Schein are artifacts, espoused beliefs and values, and shared basic assumptions. The small companies are still in very first stage of life cycle which requires supports from founders as owners or entrepreneurs to inject the values and basic assumptions to ensure all members understand and get the way.

This study is mainly to examine the and SMEs through recalling SMEs leader's or founder's function to be effective entrepreneur by embedding culture within the business to direct the people within company towards the same and right ways of work. The micro, small-medium enterprises (SMEs) whose characteristics are based on Indonesian Law No. 20/2008 about Micro-SMEs and World Bank as shown in Table 1.

METHODS

This descriptive qualitative research design used five observers to observe and get data of 5 small-medium businesses in Surabaya. Each of observers did the survey, observation and interview with owner and some employees at a glance. The businesses of each observer visited are: Observer A: observed a small restaurant; Observer B: observed a beauty salon; Observer C: observed a private course; Observer D: observed a small building material supplier and the last, Observer E observed a handy crafts home industry.

The data is gathered from all deep interviews and objective observations by the observers. The interview used some default questions and could be developed according to the field situation. The default questions for interviews are:

1. What do you think of the importance of a company culture?
2. How do you set the culture for your business?
3. Do your employees know about the company culture you've set?

4. How can you evaluate your company culture?
5. What is the impact of company culture for you and your business?
6. How do you define your company culture in your workplace?
7. Where does the culture come from?
8. What is the impact of the company culture for you and your work?

The interview was accomplished by doing some processes to field observation such as preparation, access choice, strategy implementation, building relationship in the field and the last was gathering and recording data either by writing or voice-recording (Neuman, 2011). The interview used a field interview because the starting and ending points of interview questions were not clear and made suitable to the situations while both interviewers and interviewees were open to the dialogues (Neuman, 2011).

RESULT & DISCUSSION

Entrepreneur's Awareness of Company Culture Importance

Schein (2009) stated that the culture within the company helps to explain the phenomena and to normalize them. Thus we better understand the dynamics of culture which defined in three levels by Schein as: 1) artifacts, shown as visible organizational structures and processes, 2) espoused beliefs and values, includes here strategies, goals, philosophies and the 3) underlying basic assumption, consists of unconscious, taken-for-granted beliefs, perceptions, thoughts and feeling. To create the corporate culture and management needs a leader or in this study prefer using "entrepreneur" that starts up a business and/or creates business. Schein (2009) believed that cultures begin with leaders who impose their own values and assumptions on a group. An entrepreneur who wants to lead the business to succeed, he/she needs to know the cultural understanding. Starting up the business will need the recruitment of people with different culture, thus, based on theories, practical and empirical studies agree that culture is important for a company. Being asked the question "What do you think of the importance of a company culture?", then the observers got some comments from interviewees.

Observer 1 (interviewed an owner of small restaurant with 10 workers) concluded that the owner does not care and understand well about culture in her company, so she did not know how to answer the question sharply. But she gave examples about procedures and structures who got the positions as waitress/waiters and as chefs.

Observer 2 (interviewed an owner of hairdresser salon with total of 11 workers) concluded that the owner understands about company culture and applied the culture not only in artifact level but also in espoused belief and values especially about customers satisfaction.

Observer 3 (interviewed an owner of private course with total of 7 employees) concluded that the owner does not take care of company culture. All the systems and operations are conducted by administrator which has different mindset than the owner.

Observer 4 (interviewed an owner of building-material supplier with 5 staffs) concluded that the owner does not obviously understand the corporate culture, but she thinks of habit that done by all the workers in the daily activities.

Observer 5 (interviewed an owner of handicraft shop with 30 workers, handicaps) concluded that the owner has a value shared among her workers that everything happens for a reason.

The results show that most of the interviewees do not understand and not aware of the importance of company culture for their businesses. Although they have applied some kinds of culture-like systems, they come to the surface of culture level, artifacts. According to the findings of Mokaya et al (2012), entrepreneur is the heart of modern business that must be action-oriented, immense creativity and innovativeness. An entrepreneur also motivates the employees by sharing his/her values.

However, it is very important for an entrepreneur to set, manage and share the culture based on his/her own values or assumptions. Lahaie (2005) in his study stated that different cultural environment require different managerial behavior and competencies to manage them. Thus, an entrepreneur, who creates a business started from a small size one, should be the right person who understands the

business better and how the business will be conducted. Furthermore, Lahaie (2005) stated that the senior executive (which is in SMEs, it should be the owner, founder or entrepreneur) must possess an awareness of the culture specific to that organization in order to manage the relationship between the company and its culture.

How Entrepreneur Sets Culture for the Business

Observer 1 found that the owner of small restaurant got confused when being asked about how she set the culture. But finally she answered that the habits, rules, and procedures are things that must be followed and obeyed by all workers. The habits, rules and procedures are told and trained directly without any written documents.

Observer 2 found that because the owner of hairdresser salon knows about the company culture, so, the important value which the owner keeps in doing business will be told directly and written in simple employee manual which is communicated during the probation periods of new employees and occasionally for all employees based on the situation. The identity to describe the value and remind the employees of the company culture is shown in the layout design of the site.

Observer 3 found that as the owner as the entrepreneur of a private course does not take care too much to the business, so the process of setting culture cannot be detected. One thing of process known by observer 3 is that the entrepreneur/owner gives commands to the administrator to conduct all things. The company culture is not felt clearly since the values of owner and administrator are different and not be embedded in operations.

Observer 4 found that creating habits and procedures is the most visible process in setting company culture in this business. All the employees follow and obey the procedures but take that as routine. The owner has no eagerness to renew, control or evaluate the culture, no matter what happens in the market.

Observer 5 found that the owner has an intense communication to her workers by meeting, outbound, recreation, etc to strengthen the values among the workers.

Jerom (2013), in his research, stated that several authors has defined organizational culture as “the way we do things around here” to others is the unconscious and conscious belief, values, and ritual system which has become part and parcel of an organization, whether bad or good, this review suggest that organizational founders and top management are responsible for formation of culture of their respective organizations which in turn affects the organization negatively or positively. So, in a business, especially small business, company culture is very important. It will help the founder to set a system, standard and rituals that relevant to the needs of business.

An entrepreneur may have personal experiences, knowledge, education, and training that will be accumulated and contributed to the enterprise but the other thing that entrepreneur has when founding the business is values, which should be imprinted and embedded to make an image of its founder. One of the individual entrepreneur’s most important responsibilities is to establish an ethical climate for the new venture (Dollinger, 2008). It means that function of an entrepreneur are not only investing money, managing people to work, financing the operations and other managerial activities, but also creating the identity of the business and ensure that all people within the business understand and support the values for strengthening identity.

The Employees’ Knowledge about the Company Culture set by an Entrepreneur

Observer 1 got the answer from the business founder that since she does not understand a lot about company culture and does not care of it, so, as long as the employees follow the rules at work, the founder will feel alright, because the founder thinks company culture is about procedures at work based on job descriptions.

Observer 2 got a sure answer from the owner that everyone who works with him in his salon will understand the most important thing that entire company must do. It is about customer satisfaction. The owner also said that it is impossible if his workers do not understand about the company culture because he always

gives a briefing if he's in site. Furthermore, the new worker will get orientation from owner and colleagues.

Observer 3 detected that the owner of the course does not give any attention to her business. Even the financial report is sometimes ignored and only pays attention if there is a serious problem regarding the teachers' fees. She gives no attention to the rest. So, observer 3 concluded that the company culture in this private course is not described clearly.

Observer 4 got the similar result as Observer 1 that since the owner thinks of company culture is a set of procedures, habits and systems at work, so, as long as the workers/employees do not break against the procedures, everything is fine.

Observer 5 was impressed that the owner told observer 5 that her workers know the culture of the company. Proven by the addition number of workers because of current workers references, the entire workers know how to work, communicate and use their creativity in harmony way.

Madu (2011) used Schein's five primary mechanisms as a model for leaders in creating a culture that supports moral and ethical behavior. It means if the employees do not understand about the company culture, they do not know the ethical standards and how to imply the culture. Based on the observation, the existence of owner/founder in the very early stage of company is very important. An entrepreneur must ensure that his/her values and assumptions are understood by the entire organization. This understanding will improve the knowledge of company culture.

The rituals as a part of company culture implementation should be introduced and identified clearly to all the employees. The study of Romo (2013) showed that strong corporate culture will enhance the positive image and economic results which are very important for company.

How the Company Culture will be Evaluated

Observer 1 found that, based on the owner's information, the company culture in this small restaurant which is described as the procedures and structures, will be

evaluated by employee's performance. During the tenure, the employees' will be appraised in a very simple way through the owner's observation.

Observer 2 was informed if the company culture that set based on the value of owner that prioritizing customer satisfaction will check if all the employees apply the value during their works. The complaints from customers about services and supporting facilities is one of the way the owner evaluates the company culture he has set and communicated

Observer 3 detected there is no evaluation process on company culture since the owner does not care of its importance. The only one attracts the owner's attention is about the cash flow especially about the teachers' fees.

Observer 4 and Observer 1 have almost similar typical of entrepreneurs to be interviewed, whose lack of company culture knowledge and describe it as procedures, routine activities, habits and structures. Thus, the result of the observation in the small building material supplier is that evaluation on company culture is based on the obedience and workflow of employees, whether they follow the rules or not.

Observer 5 found that the owner is very easy to evaluate the company culture she has set. She can see it from the respects among employees as human, since most of them own disability (handicapped). The value she implanted to her business is about how to respect, persistence, independence and creativity. Thus, as long as all employees show that spirits in difference ways, she is sure that her company culture is understood and embedded.

Zimmerer and Scarborough (2005) in Mbhele (2011) hold that entrepreneurs are new business or combinations that arise in the face of risk and uncertainty for the purpose of achieving profit and growth. Both risk and uncertainty will always happen, but the readiness of company to react to it is another case. The readiness needs culture shared by the owner. Three of observed business doesn't care of the corporate culture, thus, it can be sure that the company will not be ready for the evaluation. Risk and uncertainty will be minimized if all members within organization pay attention and learn about business. To ensure that employees do what the owner said, the record can be set adjusted with situation of the company,

an entrepreneur has rights to check over his/her business. The evaluation will be used to next planning in the business strategy.

Controlling is one of management functions that must be done by the entrepreneur to evaluate how the business run. Not only in sales, finance or human resources, but also how the employees understand about the culture, live in the same company culture, and develop culture fit to the internal and external challenges. Lahaei (2005) stated that the manager, in this study prefer called as entrepreneur, must have a strong communication skill and a sense of company culture and understand if the culture is in order effectively to lead the team. Thus it can be imagined if an entrepreneur does not understand what company culture is, how to set it and how to communicate it, a business will be really fragile.

The Impact of Company Culture for Entrepreneur and Business

Observer 1 examined that due to the lack of company culture control, thus, the workers in the restaurant has low retention. The boredom in doing things commanded by the owner makes some workers resigned and although the sales value is not influenced, but the Observer 1 categorized this restaurant is not interesting to work in. the entrepreneur should recruit new worker many times and will do the same as to previous workers.

Observer 2 found that the labor turn-over in the hairdresser salon is low. Everyone works happily and it brings good atmosphere to the customers. The salon is always full of customers and the number of membership cards issued to customers is increasing, indicates that more people registered as customers of this salon. Entrepreneur, himself, gets not only big income, but also convenience in running the business. He does not need to control the business time to time, because he trusts his workers will work in given value.

Observer 3 examined that the business is not developing because there is no standards, rules and clear procedures set. The entrepreneur pays no attention to the business, so, the impact of company culture to entrepreneur is not detected.

Observer 4 found the boredom among the employees because they only do what they have to do. The creativity is not necessary here, so when there's a problem,

the employees will ask for help directly to the owner. The owner will be the one who solves the problems and none of her employees will be asked to learn about problem solving. The changes of business competition are not easily handled because everything done there is routine.

Observer 5 learned that the company is growing and the sales value is increasing. The creativity in making handicrafts is better as well. The nuance of respects, independence and persistence, apart of creativity show the results in increasing sales value and product quality. The entrepreneur needs fewer time to control the employees and better on focusing to expansion strategy, because the employees understand what they should do.

Zhang et al. (2013) in their study found that cultures, in their study was macro culture, together with legal rules and law enforcement, pay a critical role in shaping corporate behavior. In terms of SMEs, the company behavior is also set by culture, micro culture, sub culture of owner that must introduce and embed to the entire company. The company or corporate behavior is very important to strengthen the culture of organization to ensure the reaction of the members of company towards the changes. During the crisis in midlife, a company can be saved by the strong culture. Effects of competition hardship can be minimized if the company has a strong value implied and implemented consistently within company among its people. An SMEs will be a big company one day and an entrepreneur will be more successful in the future according to the business life cycle. But the contrary may happen if the entrepreneur does not a strong value to teach employees ready for changes.

Entrepreneurs today are facing the fact of changes that continuously affect every aspect of the company at every level. The absence of company culture awareness of a business founder is dangerous to the continuity of the business. Lahaei (2005) stated that if the founder (senior manager/entrepreneur/owner) has passed on the culture to all employees, it will boost the confidence of employees on that they value and create greater capacity for change of future.

Allport et al. (1960) in Weber (2015) stated that values as foundation for every managerial decision making and behavior. Thus organizational must

embrace new order in value orientation that lead to reflect existing changes to organization's goals, missions, and practices. So, the observation showed that only 2 companies are ready for the changes, due to the strong company culture shared by the owner or founder to the employees regularly. The performance of two companies is good. It can be seen by observers from the products and services offered to customers and the increasing numbers of customers.

The Definition of Company Culture in the Workplace known by Employees

This item of question is asked to an employee chosen randomly and not by purpose.

Observer 1 was told that the restaurant employee does not understand at all about company culture. What they know is only rules.

Observer 2 met a very optimistic worker in the salon whom clearly answered the question about her understanding of company culture. The employee said that the culture is something she feels when working, communicating with colleagues and customers and the way she's thinking when she's doing her job.

Observer 3 asked the administrator what she knows about the company culture and the administrator said that she does not understand about company culture. She only knows the commands from her boss (owner).

Observer 4 asked an employee about company culture and answered that company culture is habit they do when working.

Observer 5 found that employee she asked knew better of company culture. The employee said that company culture is values, habits, way of thinking in company.

One of the major activities of any new employees when they enter new workplace is to decipher the operating norms and assumption. But this process will be successful if the feedback is good. What the old employees learned, will be learnt the same by new employees (Schein, 2010). As organizational culture is particular in nature, its uniqueness distinguishes it from other corporate cultures, which vary according to the values of its founders and the environment in which it operates (Ojo, 2009). Thus, a company culture must introduce, share, and embed in any company, specifically based on its owner's value.

The company culture stands out as one important component to sustain the performance and competitive advantage (Madu, 2011), so every member of organization, every employee of company must understand and be able to describe how the culture in it. The reason for ethical failure in company is because of failure in culture traceability. Hidden culture without being shared and kept as files, will guide the company to nowhere, because all employees do not understand what should be done, how should the work be done, and what the ethical standards in doing things are.

The observations showed the problems in 3 small companies that losing their identity, because the employees do not care, do not understand and do not know what to do with the culture and furthermore, they do their works as habits, daily routine and no wonder if they get bored afterwards.

Employees know Where the Culture Comes from

Being asked the sources of company culture, observer 1-5 got the different answers:

Observer 1: the employee said, she learned the habit and rules from her friends who have been working in that restaurant longer than her.

Observer 2: the employee said, firstly, she knew it from her boss (owner) when she was in probation period, and then she learns more from her friends.

Observer 3: the employee said that she is in charge in ruling the day-to-day operations in the private course, and thus she claimed that the culture is made by her since the owner takes no care.

Observer 4: the employee said the culture which is identified as habit is dictated by owner in daily basis.

Observer 5: the employee strictly answered that she gets the inspiration and learns a lot from the value of owners. She and her friends apply the stories, the values of owners in their activities.

Carter & Baghrust (2014), in their study of a restaurant, found that servant leadership is a philosophy addresses the concerns of ethics, customer experience, and employee engagement while creating a unique organizational culture. In this

leadership style, the employees are viewed as one of greatest asset for company so it is necessary to maintain loyalty, productivity apart of gaining profit. Implication the current study is that a leader, no matter the leadership type is, should concern in employee engagement, which is not only for profit orientation, but employee retention. An entrepreneur should set a clear culture that employees can learn, apply and teach to other employees. The previous study revealed that servant leadership, owned by a leader contributed to employees' loyalty to the workplace.

The absence of owner, as entrepreneur in the business regularly, will diminish the culture and values that makes a company loses its identity. Madu (2011), found that the responsibility of leaders, in this study called entrepreneur, is the creation and maintenance of company characteristics that reward and encourage collective efforts. So, if the employees asked by observers cannot detect the source of company culture or even think that values in company, implied in habits, procedures, systems etc, come from older employees, not from founder, the company cannot retain when the older employees resign.

The Impact of Company Culture for Employees and their Work

The last question for employees asked by observers is about the impact of company culture for employees and their work.

Observer 1: the employee said the rule makes them easier to work, because they don't need to think harder but they feel bored because they cannot propose new things in terms of new ideas in working.

Observer 2: the hairdresser salon's employee admitted that the clear value set and shared by the owner about customer satisfaction and how the employees can fulfill the customer satisfaction make her job easier and better. The owner also gives rewards to employees who satisfy the customers and get more customers. Thus for her, company culture is important to guide her working.

Observer 3: the administrator of a private course felt so bored with the situation because she needs the regular presence of owner in office so she can decide things better. The business is declining since the teachers hired are not satisfied

with the unclear systems, and the customers (students) numbers is also declining, because the teachers and even administrator are demotivated at work.

Observer 4: the employee of building material supplier said there's no big impact with or without company culture, because she only does the daily routine activities. The business itself was not influenced, not declining, but not increasing either. Everything is stagnant.

Observer 5: the employee said she has better motivation at work and makes her produce more and better. She said nothing is difficult for people who wants to try and persists to try. She copied that statement from her boss (owner).

A newly start-up business needs form and structure. It also should have strategy to enable it creates or penetrate market. SMEs are made of people who are skillful and talented whose values and beliefs along with the experiences will support the company. An organization, in this study is SMEs can have a culture that supports high performance and high quality and the quality is part of entrepreneur's strategy (Dollinger, 2008).

Based on the observations, only two businesses have better impact of company culture not only in monetary or financial things, but more on the eagerness to work individually and in team, increasing creativity, and better customers' satisfaction. The rest of businesses in the discussion should learn and create better culture to strengthen their business.

Valentine, et al.(2011) stated that a corporate culture is strengthened by ethical values and other positive business practice. The finding of their study is that corporate ethical values were positively related and that both variables were associated with increased job satisfaction and with decrease turnover intention. Then, they suggested the managers should create work cultures that precipitate increased ethical values and group creativity. While in the SMEs, the culture should be created firstly by entrepreneur or founder of the business. The results of observation showed that the labor turnover intention of a business without culture embedded and shared by the entrepreneur, is high.

CONCLUSION

The conclusion of this study is that founders of SMEs must exist and available in every early phase of their business. Their role in the success of the business is crucial. Once they miss to embed their value, paradigm, norms and assumption to their early hired employees, then the continuity of SMEs will be in danger. The early hired employees will tell and teach newer employees about everything in company. If it is controlled and consistently shared by the entrepreneurs as the owner and leaders who have to direct all employees and followers to gain the success and reach the targets. The embedding process of company culture must be done consistently and early by business founders until they are sure all the employees understand and work based on the values shared.

If the company culture is embedded successfully, the entrepreneur will be more effective in controlling the business. Time is saved because the entrepreneur trusts the employees and then she/he can use the time to think of business expansion and development. When the business is hit by changes internally or externally, the embedded culture will be the tools to calm these people from getting confused. They will be more confidence in reacting to the changes and easier to solve the problems.

The effectiveness of being entrepreneurs cannot be measured from the high sales value, great innovation, high profit and big numbers of employees. SMEs are not striving for those things in the early stage of their life, but SMEs should have their identity, proud of it and maintain it to be different than competitors. The strong culture comes from entrepreneur, who does the right thing in the early founded company. In the challenging future, the strong culture will give benefit for SMEs more than only monetary assets.

Based on the interviews, observations and analysis, the author suggests the entrepreneurs to pay more attention on the importance of their company culture. First of all, the entrepreneurs should understand their own assumptions and maybe values that are hold as the way of working, way of thinking and drivers of decision-making as managers, leaders and entrepreneurs. Once the entrepreneur teaches the employees about the values, he/she has to ensure that the values are

embedded well among the employees. Consistency, communication and control of the culture existence are necessary to prepare the business giving reaction to the external changes.

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APPENDIX**Table 1. Characteristics of Micro, Small and Medium Enterprises**

Type	Net Wealth (Rupiah) (Law No. 20/2008)	Annual Sales (Rupiah) (Law No. 20/2008)	Number of Employees (World Bank)
Micro	Up to 50 Millions	Up to 300 Millions	< 10 people
Small	50-500 Millions	300-2,500 Millions	< 30 orang
Medium	500-10,000 Millions	2,500-50,000 Millions	< 300 orang

Source: Indonesian Law No. 20/2008 & World Bank (processed)