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Citizen corporation as a form of social enterprise

Abstract

This article focuses on whether it is possible to create a more democratic corporate environment without a company losing its economic efficiency. For this purpose a case study on the company W.L. Gore & Associates has been undertaken. The purpose of the study was to find out if the organisational practices within this company have features similar to those of a citizen corporation as a potential example of the concept of social enterprise. The study has shown that W.L. Gore & Associates which employs over 10,000 people at 45 plants located around the globe is a company built on democratic principles of freedom, personal commitment, fair play and participation. At the organisational level, the company has a lattice structure, which is not based on any form of formal hierarchy, branched levels of management or lines of communication. There are no managers, executive officers, bosses or directors in W. L. Gore & Associates. There is only a handful of formal functions such as the Chief Executive Officer, as required by law. However, you will not encounter this terminology in practice within the company, as it contradicts the egalitarian ideals of Gore. What is typical for the organisational and cultural environment in W. L. Gore & Associates are so-called natural (dynamic) hierarchies. A person does not become a leader in W. L. Gore & Associates as a result of being appointed by a higher leader, however. Leaders emerge from those whose authority is recognised by their colleagues.

The key organisational units are small, autonomous and self-managed teams that reflect the economic, as well as social, dimensions of doing business. The network form of organisation and the interconnection between the economic and social dimensions of the business have created a working environment in which natural leadership develops, a system of mutual assessment and remuneration exists, which values collegiality and personal commitment, and creates feeling of a shared purpose in the form of co-ownership. All these characteristics are similar to those found in the citizen corporation.

As a result of fifty years of management innovations, the organisation structure of Gore evolved into a form that is so unique that it defies the conventional view of business organisations. In this model, the basic terminology describing the reality within this company has changed completely. W. L. Gore & Associates has no employees. It has associates. There are no jobs. There are own commitments. The company is not run by managers. The company is managed by leaders. Profits are not resources belonging to a select interest group. They are shared wealth and a reflection of personal responsibility. These unusual characteristics, which noticeably resemble those of the citizen corporation, shows that it is possible to organise businesses in a way that leads to the development of social capital while creating economic value.

Keywords: Citizen Corporation; Social Enterprise; Democracy; Lattice Structure; Management Innovation; Personal Commitment; Social Capital; Trust; W.L. Gore & Associates

JEL classification: L31; M14; O30

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Громадська корпорація як форма соціального підприємства

Анотація. У статті основну увагу приділено питанням створення більш демократичного соціального середовища так, щоб цей процес не мав негативного впливу на економічну діяльність підприємства. Для цього було проведено дослідження діяльності компанії «W. L. Gore & Associates». Метою цієї статті є з'ясування того, чи практика організації цієї компанії має риси, подібні до тих, які властиві громадській корпорації, як приклад втілення концепції соціального підприємства. Дослідження показало, що зазначена вище компанія побудована на демократичних принципах свободи, особистої відданості, чесною праці та особистої участі.

На організаційному рівні компанія має мережеву структуру, в основу якої не покладено жодної ієрархічної форми організації, вертикальних рівнів управління або каналів комунікації. Основними організаційними одиницями є невеликі самоврядні команди, які забезпечують економічну та соціальну складові ведення бізнесу. Результатом залучення мережевої форми організації, а також взаємопов'язаності економічної та соціальної складових ведення бізнесу, стала поява робочого середовища, в якому створено сприятливі умови для розвитку лідерських якостей, існування розвиненої системи взаємної оцінки та винагороди, поцінування колегіальності та особистих зобов'язань, тобто середовища, яке дає відчуття реалізації спільної мети через форму спільного володіння. Усі ці характеристики є подібними до тих, які покладені в основу громадської корпорації.

Ключові слова: громадська корпорація; соціальне підприємство; демократія; мережева структура; управлінські інновації; особисті зобов'язання; соціальний капітал; довіра; W. L. Gore.

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Общественная корпорация как форма социального предприятия

Аннотация. В статье основное внимание уделено вопросам создания более демократической социальной среды так, чтобы этот процесс не оказывал негативного влияния на экономическую деятельность предприятия. Для этого было проведено исследование деятельности компании «W.L. Gore & Associates». Целью данной статьи является выяснение того, имеет ли практика организации этой компании черты, подобные тем, которые присущи общественной корпорации, как пример воплощения концепции социального предприятия. Исследование показало, что деятельность указанной выше компании основывается на демократических принципах свободы, личной преданности, честного труда и личного участия. На организационном уровне компания имеет сетевую структуру, в основу которой не положено ни одну из форм иерархической организации, вертикальных уровней управления или каналов коммуникации. Основными организационными единицами являются небольшие самоуправляющиеся команды, которые обеспечивают экономическую и социальную составляющие ведения бизнеса. Результатом практического воплощения сетевой формы организации, а также взаимосвязи экономической и социальной составляющих ведения бизнеса, стало появление рабочей среды, в которой созданы благоприятные условия для развития лидерских качеств, существования системы взаимной оценки и вознаграждения, принятия коллегиальных решений и выполнения взятых на себя обязательств, то есть среды, которая дает ощущение реализации общей цели через форму совместного владения. Все эти характеристики являются подобными тем, которые положены в основу общественной корпорации.

Ключевые слова: общественная корпорация; социальное предприятие; демократия; сетчатая структура; управленческие инновации; личные обязательства; социальный капитал; доверие; W. L. Gore.

Introduction

Over 40 years ago, Milton Friedman (1970) said that corporate responsibility of companies was to increase profits. He claimed that it was in the interests of every state to provide companies with enough freedom to allow them to pursue this goal because everyone would profit from it. This premise became the basis for the article written by Jensen and Meckling and entitled *Theory of the firm*. In the two decades that followed its publication it had become the most quoted economic article. The authors defined a company as a network of relations, whereby managers represent the owners. Jensen and Meckling (1970) put forward the proposal that managers should gradually become owners through a system of remuneration that included shares, options and bonuses based on the performance of the company's shares. This focus on short-term goals eventually led to the original way of seeing companies as economic systems for generating profits change to a system focused on increasing shareholder value. The financial crisis that broke out in 2007 showed that the idea based on Friedman's way of understanding basic corporate social responsibility did not work in practice. Today, discussions focus more and more on the issue of what the real responsibilities of companies are and how a responsible company should look like.

One of the most burning questions that ensued from these discussions was: *Should organisations be more democratic?* This might simply be a direct reaction to the original concept of a corporate organisation, as created in 1870 (Drucker, 2008) and which remains the case in the majority of organisations, which was confirmed by the words of a member of the board of directors of one important Czech engineering company: «*Democracy ends in front of the gates to our company*». The very core of this concept is the principle of imperative and supervisory authorities. The internal organisation is based on a bureaucratic structure supported by a formal hierarchy. These are in fact totalitarian centrally planned systems that used to be typical of the communist world. The majority of these companies now use a model of management that is noticeably similar to the world of dictatorships. In many companies you can see an almost bureaucratic lack of flexibility and an inability to take advantage of peoples' energy and enthusiasm, which are typical features of citizenship and a key attribute of democracy. It is therefore no surprise that some research reports came to the conclusion that less than one quarter of workers are really committed to their work (Hamel, 2012; Handy, 2015; Slintak, 2015; Towers Perrin, 2007, 2008). They also warn of institutional collapse caused by centre-oriented authoritarian institutions that are unable to face the growing need for mutual dependence and ever faster change (Senge, 1996).

These circumstances have led to speculation on how a corporate organisation that manages to integrate the idea of citizenship into its internal systems without sacrificing economic efficiency and its strategic goals should look like.

1. Theoretical background**1.1. Social enterprise**

Capitalism that is built exclusively on the development of economic capital is unsustainable over the longer term as evidenced by the repeated cyclically crises the economic system experiences. The sustainability of this market-oriented system is not only connected with wealth development, i.e. economic capital, but also with social health of society, i.e. social capital (Hamel, 2012; Handy, 1999; Ramsey, 2015). Some authors have recently presented the idea that responsible capitalism is unattainable if companies do not behave selfishly to an appropriate level (Handy, 1999). They argue that reasonable selfishness is a behaviour that leads to a company fulfilling its own goals whilst respecting others. Combining the desire to earn money (a feature of the business sector) and benefit and contribute to society (a feature of the non-profit sector) is described in a work by the founder of the Grameen Bank, Yunus (2007), as one of the possible forms of social entrepreneurship. Such organisations do not only focus on their own survival and success, but also on deserving their place in society. It is difficult to define such organisations beyond the simplicity of their legal form. It approaches something close to resembling a human community with employees who actually become citizens. This new perspective on corporate organisations within the context of the creation and development of social capital has given rise to an organisational form known as the citizen corporation. (Handy, 1999, 2015). This system is based on the presumption that companies are human communities and not the property of a select interest group. This means that people in these institutions are not employees or human resources. They are citizens with specific rights with regards to, for example, the right to participate in the profits, co-determining things that take place in the company, the freedom to express their opinions, having reasonable work or the right to be treated in a fair way.

At the level of legislation, the legal form that comes the closest to a citizen corporation is called a mutual. In the United Kingdom, this form of organisation is growing at a rate of 9% per year (Handy, 2015). A mutual organisation is defined as an organisation based on the principles of mutuality. In contrast to co-operatives, the members of a mutual do not usually pay a membership fee and participate in the profits and obtain the right to vote based on their customer relations (Birchall, 2012). Even in these organizations, as some authors claim (see Tuckova, 2012, Tuckova a Tucek, 2013), people started exchanging

products among themselves and a middleman - the merchant - appeared, hence we can speak of providing intermediation services. In human communities, there have always existed individuals who started taking care of others at the time of disease or during injuries, but they also paid attention to various ceremonies that developed in their community.

Other British authors (Kay, 1996; Plender, 1997) have highlighted personal involvement as a new form of business model on the basis of discussions on so-called responsible individualism. Practical examples of the combination of economic and social capital appear elsewhere in selected literature too. This combination ultimately leads to the development of local communities and their own business (Hampden-Turner and Trompenaars, 2011).

The willingness to develop not only economic but also social capital is typical for social entrepreneurs (Frances, 2008; Handy, 1999; Yunus, 2007). New prospects for companies, corporate citizens and self-employed individuals expand their responsibility for creating social capital. This represents a significant shift away from the original concept of companies in economic theory which is focused exclusively on the development of social capital. A corporate citizen or a social entrepreneur becomes a bearer of good in areas where traditional social organisations fail (Frances, 2008). However, it is important to note that the definition of a company is not only the subject of economic theory but also certain socio-cultural specificities of the local economy they operate in. Drucker (2011) identifies three organisational models that were developed in the three most developed economies in the world. These models include an economic model applied in the USA (the aim of the companies is exclusively linked with the development of economic capital), a social model applied in Germany (the aim is linked with the development of social capital) and an employment model applied in Japan (the aim is to ensure employment security).

In general, there is a vague definition of what a social enterprise is, based on suggestions from researchers of social economics (see Gadrey, 2004; Campos, Spear, Fobel, 2007). This is evidenced by various findings in numerous research reports. According to the European Research Network, social enterprises are organisations with the explicit aim of benefitting the community (Defourny & Nyssens, 2010). Another definition identifies the types of organisations that fit into the characteristics of social enterprises. These can be profitable organisations, as well as organisations in the non-profit sector in the form of cooperatives, associations and mutuals, foundations, socially oriented businesses (as defined by Yunus (2007) or Handy (1999)), public utilities or charities. This has resulted in the creation of a new organisational form called a hybrid organisation (Billis, 2010; Menard, 2004; Battilana & Dorado, 2010 and many others), which serves to bridge the conflict between the profit sector (cooperative or association) and the non-profit sector [12].

The general ambiguity of the term social enterprise is due to the fact that the concept brings together a variety of organisational forms which differ in terms of their functions, applied management methods, internal organisations or performance criteria and success. The positive aspect of the concept of social enterprise is that a professional debate can lead to a reconsideration of the theoretical framework of companies and their legal structures so that it begins to better reflect this concept [22].

1.2. Social capital within the context of social enterprise

The gradual development of the social enterprise as a tool with which to serve society reinterprets the original definition of businesses by adding a new commitment in the form of the creation of social capital. The first notion of social capital emerged in the 19th century in the work of the political thinker Alexis de Tocqueville (Ferragina, 2010). This theme was then sporadically mentioned by various sociologists, e.g. John Dewey (1980) or Hanifan (1916).

In the second half of the twentieth century, the interest in this form of capital grew. Jane Jakobs (1961) highlighted the problems associated with social capital and pointed to the value of networks in human communities. James Coleman (1988, 1990) and Robert Putnam (1993), both prominent authors, added their weight to the issue. Social capital is also referred to in the work of Bourdieu (1986). In his adaptation, social capital

is a resource that is acquired by individuals based on their acquaintances with other people. Put simply, it is an overview of their contacts and relationships with others. Naturally, there are many other definitions of social capital, particularly from sociologists. Putnam (1993) and Evanse (2000), for example, describe social capital as the features of social organisations such as trust, norms and networks that can improve their efficiency by facilitating their coordination and cooperation. It is possible to sum up the views of many authors influenced by Putnam's approach to social capital, i.e. that social capital is seen as a producer of citizenship and at the same time as a benchmark for the public health of societies, as a form of capital that consists of the resources within a community that are created through the existence of a high level of trust and reciprocity, shared principles of behaviour, shared commitment and belonging, both formal and informal networks and open information channels (Kay 2005). A keen interest in the problems associated with social capital opens up new ways for measuring this form of capital. Jan Van Deth (2003) identifies three areas suitable for the measurement of this capital, namely networks, trust, norms and values.

The best known example of social capital from practice is the model used by Visa, which is described by some authors as a network oriented company with a specific form of ownership (Handy, 1999; Senge, 1996; Senge, 2010). It is described as a member corporation owned by tens of thousands of financial institutions that use the services provided by the organisation. Dee Hock (1995, 1999, 2005), an author of the concept of the *chaordic organisation*, presents several simple principles typical for this form of organisation. Firstly, it is very open. Secondly, it has no formal hierarchical authority that controls it. Thirdly, inner consistency is guaranteed by a set of central ideas, a clear mission statement and several operational principles. The character of Visa is similar to the character of a democratic society. Many professional articles on *open-book management* have been published. As part of such management, employees are given open access to information (Aggarwal & Simkins, 2001; Barton, Shenkir & Tyson, 1999; Case, 1995; Maurer, 2001), which is one of the important features of social capital.

Participative management has also gradually moved from the realms of academic theory into practice. Semler (2001, 2004) describes the advantages of this approach for the company Semco. There are also organizational models that try to combine the idea of corporate citizenship and effective management. This is the case for the concept called the shamrock organisation (Handy, 1995, 2015), which divides the structure of an organisation into three leaves. The three leaves represent the key employees (citizens of the corporation), external companies (contractual partners) and agency workers with low qualifications (flexible workers) respectively.

In the following part of this article, we will present a case study of the company W. L. Gore & Associates as a prototype of a citizen corporation that is able to simultaneously develop economic and social capital in a way that in many aspects differs from the usual corporate organisations.

2. Research Aim and Methodology

The main aim of this article is to carry out a comprehensive study of the organisational practices in the company W. L. Gore & Associates and determine whether some of the conceptual features of a citizen corporation are present in this company. The descriptions of the individual parts of the company are therefore presented in such a way that the research team could answer the question whether it is possible to create more democratic corporations without endangering their efficiency. This question reflects the need to verify the functionality of the concept of a citizen corporation as a potential model for social enterprise in the profit sector. It is important to point out that this will not require the testing of a hypothesis as is the case for quantitative research based on a questionnaire. In this case, the question was formulated in order to clearly define the areas of research.

This paper is based on *case methodology*. According to Yin (2003), this methodology is a form of empirical research that examines a contemporary phenomenon. This approach can

contribute positively to the construction, improvement and development of the theoretical model of social enterprise, in this case a single case study of W. L. Gore & Associates. Within the context of the examination of the different organisational activities of the company, an embedded design was employed, with multiple levels of analysis within a single study (Yin, 1984). Data collection methods, namely archives and interviews, were combined. This means that the evidence has a qualitative form.

3. Prototype of Citizen Corporation: W. L. Gore & Associates

3.1. A look back in time

W. L. Gore & Associates was founded by Wilbert and Vieve Gore in 1958. The beginnings of the company were very similar to those of other new companies. The only difference was that Wilbert and Vieve Gore did not start their business in a garage, but in the basement of their house. Bill Gore, a father of four, made the decision to start his own business when he was 45 years old. He left his job with DuPont, a company that at that time was considered to be a leader in the chemical industry. He borrowed money from a local bridge club and founded a company with the plan to produce insulated wire and cable (Florida & Kenney, 1990).

DuPont was able to create new technologies, but at the same time unable to utilise those technologies on the market. An example of that was a material known under the abbreviation of PTFE (better known as Teflon). PTFE was invented by DuPont by Roy Plunkett when an experiment he was carrying out had an unexpected outcome. It is this material that is closely connected with the founding of Gore's Company. Bill Gore, at that point in time still an employee of DuPont, put forward an unsuccessful proposal to use PTFE in the electrical engineering industry.

This is the original reason why the company initially served the electronic products market. Gore, in contrast to the management at DuPont, envisaged the widespread use of Teflon (PTFE) in many fields, possibly with the exception of the chemical industry. Gore's second important impulse for setting up the company was the invention of a material called Gore-Tex. In 1969, Gore's son, who also worked for the company, jerked a container with the PTFE polymer in it that he was preparing and suddenly noticed the strange characteristics the material had acquired. It was very fine, permeable and most of all waterproof. This lucky chance resulted in the creation of a new field of business that would focus on the production of waterproof sportswear which would foreshadow the success of the company.

The combination of the bureaucratic environment in DuPont, Gore's experience in the company, the chance discovery when experimenting with PTFE, as well as the very unusual organisational model gradually turned W. L. Gore & Associates into a corporation worth billions of dollars. It also became a trendsetter in several fields ranging from textiles and electronics to the power industry and healthcare. At the moment, the company employs over 10,000 people at 45 plants located around the world. The company reports double-digit growth every year and it is known for its amazing innovative potential which has resulted in the launch of thousands of innovative products on various markets. As a private and not publicly listed company it has managed to evade the eyes of the capital market. This might be one of the reasons why the company has decided to introduce major innovations in the field of management during the last couple of decades. These changes eventually led to a unique organisation model with features that are noticeably similar to those of the concept described as a citizen corporation.

3.2. The hidden gold of DuPont

The model for the future organisational structure of W. L. Gore & Associates can be traced back to DuPont laboratories, where in its time, they frequently used what we today call project management. Les Lewis, at that time a production leader at Gore, remembers a conversation with Bill Gore, who explained to him (Carney & Getz, 2009): «*When DuPont wanted to implement a project, they would create a small team where everyone worked together as equals... with no hierarchy. They worked together and everyone contributed to the team the best they could.*» This memory is associated with the time when Bill Gore still worked at DuPont and was

often assigned to work as a member of a small research team. These informal groups characterised by ambitious goals and remarkable operational independence charged their members with a special kind of energy. Gore realised that a common goal, independence and most of all the absence of a formal hierarchy (all team members were equal) resulted in a release of initiative, enthusiasm and passion in him and his colleagues, even though they were a part of a large bureaucratic organisation (Hamel & Brin, 2007).

For Gore, this form of management was an ideal approach to organising work. However, he was one of the few who were aware of this, since as soon as a project had reached a certain stage, the team members had to return to their positions and become a part of the existing hierarchical structure again.

3.3. Human side of enterprise

Much too many people's surprise, a closer look at the management philosophy of Gore reveals a resemblance to a sixty-year-old theory described by Douglas McGregor in his book *The Human Side of Enterprise*. By circumstance, a company was established at the same time, whose founder was inspired by McGregor's «*theory Y*». This theory was based on a management philosophy that encouraged companies to treat their employees as human beings and not objects that just do what they are told. The essence of this theory is that it perceives people as being motivated individuals who want to work provided that the conditions are appropriate. Theory Y is therefore based on the notion that it is not necessary to motivate human beings. In this case, motivation is the work itself. This becomes an important source of personal development. However, this theory was fundamentally different from the stereotypes that had shaped modern business organisations. These ideas were summarised as «*Theory X*». The importance of this theory is evident when looking at the motivational systems applied in most of today's organisations. According to this theory, people are lazy by nature and dislike working. It is therefore necessary to encourage them by using suitable motivational tools including wages, the fear factor in the form of checks and other measures.

Gore's earlier employment at DuPont helped him to understand that most management initiatives try to look like theory Y, whilst in fact they are still based on the methods of theory X. Due to his experience in small creative teams, he came to understand that the strongest motivation is inner motivation resulting from efforts that are close to personal commitment and the feeling of fulfilment from a well done job. This gave rise to the idea of building a company according to the floor plan of theory Y, which sees human beings as individuals acting independently, capable not only of bearing responsibility, but also of looking for it.

3.4. Spirit of citizenship

The simultaneous application of the two models in DuPont taught Bill Gore to recognise the implications of the hierarchical culture of commands and checks on the willingness of people to be enthusiastic about their tasks. When shaping the culture of his company, he would often point out this fact to his colleagues (Hamel & Breen, 2007): «*Authoritarian characters cannot assign others with engagement, they can only give commands.*» He was referring to the fact that there is a tremendous difference between the results of those people who *want* to do something and those people who *have to* do something.

Own commitments

This experience eventually led to the formation of one of the most important principles of the company. All job duties take the form of own commitments. In reality, this principle means that nobody has the authority to assign a task to somebody else. In this company, tasks are received. It sounds simple. However, the implications are immense. At the organisational level, individual employees are not organised into strictly defined organisation diagrams. They do not even belong to any specific functional areas. Their place within the organisation is bound to the completion of the task to which they have freely committed themselves. The commitment is a promise to other colleagues that they will work together on a given task. Commitments provide much greater variability than positions. Each employee can have multiple commitments, which

means that at a certain time, one employee can participate in several projects running simultaneously.

Credibility bucket

While every employee has the right to refuse a colleague's request, once accepted, a commitment becomes almost a sacred promise. Breaking this promise puts the employee at risk of becoming untrustworthy to others. The key value of this unique approach is therefore trust. In this context, Les Lewis talks about the so called «*credibility bucket*» (Carney & Getz, 2009). This imaginary bucket is filled every time an employee fulfils their commitment. This can be a commitment arising from a one-day task as well as a commitment related to the implementation of a project that took several years to complete. The bucket is therefore filled every time you help somebody. On the other hand, if you decide to leave the team without discussing this with others and without finding a solution that will not compromise the work of your colleagues, it will have a negative impact on your credibility. Not fulfilling a commitment leads to the emptying of the credibility bucket.

Fairness, respect and responsibility

Own commitments instead of positions, which are associated to a certain extent with the power to decide about others, are often very confusing for new recruits. This is confirmed by Steve Young, who came from a traditional company selling foods. «*If you tell someone what he is supposed to do here, he will never work for you again*» (Hamel & Breen, 2007, 90). However, in W. L. Gore & Associates it is unthinkable that an employee would make excuses about the job because it was assigned to him by his superior. This unique connection of freedom and responsibility reinforces morale and creates a very strong culture in which the working environment is infused with initiative and self-discipline. There are four key principles that are an integral part of this culture, as defined by its founder, Bill Gore (see website W. L. Gore & Associates, 2016). These four principles are fairness (fairness to each other and everyone with whom we come into contact with), freedom (freedom to encourage, help, and allow other associates to grow in their knowledge, skills, and scope of responsibility), commitment (the ability to make one's own commitments and keep them) and «*waterline*» (consultation with other associates before undertaking actions that could impact the reputation of the company).

Peer review system

The unique freedom available to the employees of Gore is contingent on achieving the results to which they have committed. The company environment is characterised by considerable demands placed on the employees by their colleagues. Not fulfilling commitments made to colleagues affects not only the credibility bucket, but also the amount of remuneration. Once a year there is a peer review, where data is collected from at least twenty colleagues and then passed to the review and remuneration committee consisting of leaders from different parts of the company. The overall contribution of each team member is compared to the contribution of other members of a given business unit. The resulting order then determines the financial reward for the individuals. Formal positions have no weight in the remuneration system. As a result, there may be situations where an experienced leader receives lower pay than a highly qualified researcher who according to their colleagues contributed significantly to the overall results of their team. The evaluation is therefore based on the principle of the importance of the individual employees and their abilities from the viewpoint of their colleagues.

Common purpose

There are no employees in Gore. As implied by the title of the company, W. L. Gore & Associates, it is a company that consists exclusively of associates. Associate does not refer to a formal designation of employees which fits into the noble values of corporate culture. In an attempt to create a deep sense of shared destiny in its employees, Gore decided that all its associates would become shareholders as well. After one year of work, each associate receives 12% of their salary in the form of company shares. The shares cannot be sold. The shares therefore become a tool for reinforcing the relationship of the individual associates with the company and at the same time an important motivational tool that allows the associates

to watch how their common efforts increases the value of their financial assets. In addition to holding shares, associates also receive a share of the annual profits of the company.

3.5. Lattice structure: no formal hierarchy

There are no managers, executive officers, bosses or directors in W. L. Gore & Associates. There is only a handful of formal functions such as the Chief Executive Officer, as required by law. However, you will not encounter this terminology in practice within the company, as it contradicts the egalitarian ideals of Gore. What is typical for the organisational and cultural environment in W. L. Gore & Associates are so-called *natural (dynamic) hierarchies*. A person does not become a leader in W. L. Gore & Associates as a result of being appointed by a higher leader, however. Leaders emerge from those whose authority is recognised by their colleagues.

Nevertheless, it could still seem that the structure of this company is not that different from other similar-sized organisations. It features a monistic management structure, meaning there is a CEO and a Board of Directors, it is divided into several divisions which are further divided into different business units and there are a number of support positions as well. The individual units are managed by recognised leaders. However, a deeper analysis shows a remarkably flat team-oriented structure, which essentially has no levels of management or strictly defined organisation diagrams that specify functions and positions within the company. The key organisational units are small, autonomous, self-directed teams that follow two principles: make money and have fun.

The organisation of this company takes the form of a «*lattice structure*», not a ladder-like hierarchy (Hamel, 2007, 2010, 2012). This specific structure connects each employee with all the other individuals working within the given organisational unit. Communication within this structure is not vertical as in traditional hierarchies. The lattice provides direct communication links with a number of diverse nodes at the same level of management. In W. L. Gore & Associates, we can see a dense network of interpersonal relationships where information moves horizontally. The lattice facilitates the interaction between individual links without the need for intermediaries who share information between different management levels. According to Bill Gore, two basic characteristics are typical of Gore's lattice. Firstly, it involves direct transactions, self-commitment, natural leadership and lacks assigned or assumed authority, and secondly, it underlies the facade of a formal (authoritarian) hierarchy (Hamel & Breen, 2007; Lipnack & Stamps 1993).

Conclusions

The aim of this article was to use the analysis of W. L. Gore & Associates to find out, whether the selected conceptual features of the citizen corporation are applicable in the profit sector and whether these features do not contradict the ability of companies to achieve economic performance.

As a result of fifty years of management innovations, the organisation structure of Gore evolved into a form that is so unique that it defies the conventional view of business organisations. In this model, the basic terminology describing the reality within this company has changed completely. W. L. Gore & Associates has no employees. It has associates. There are no jobs. There are own commitments. The company is not run by managers. The company is managed by leaders. Profits are not resources belonging to a select interest group. They are shared wealth and a reflection of personal responsibility. These unusual characteristics, which noticeably resemble those of the citizen corporation, shows that it is possible to organise businesses in a way that leads to the development of social capital while creating economic value.

Perhaps this is the reason why W. L. Gore & Associates is an innovation leader in many fields. Due to its associates, it excels in the ability to discover new solutions, both for existing as well as emerging markets. The economic sustainability of the model that embodies the democratic principles of freedom, responsibility, fairness and participation is proven by the fact that the company has been profitable throughout its existence.

The key company approach to put human beings first and not profits makes W. L. Gore & Associates a responsible enterprise that truly believes in people, but also expects much from them.

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