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Entrepreneurship as a Values and Leadership Paradigm  
by David A Robinson PhD, Mohesha Goleby and Neville Hosgood  
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Introduction  
Paradigms are ontological orientations that influence the way we construct our realities. Leadership paradigms therefore affect the way leaders go about defining their roles as leaders and applying themselves to the responsibilities of leadership. Entrepreneurship may be seen as one type of leadership orientation, namely that of leading a business venture. As such, the entrepreneurial process relates to a particular leadership paradigm. In addition, modern day business is underpinned by a particular set of values, which in their turn are associated with ways of thinking, world views, or paradigms. The intersection of the two paradigms – values and leadership – creates a psychological ‘space’ or ‘new paradigm’ in which entrepreneurship may be situated. The research questions of this paper are:

1. What is the entrepreneurial paradigm?
2. How does it evolve?

This paper takes as its basis the ‘Personal and Corporate Values Journey’ chart (Robinson, 1998), which is derived from the early work of Don Beck and Christopher Cowan (1983) of the National Values Center, Texas, U.S.A, and follows after Graves’ seminal, though never published, ‘Emergent Cyclical Double Helix Model of Adult Bio-Psycho-Social Behaviour’ (circa 1970). [Clare Graves was Professor Emeritus of Psychology at New York University]. The Personal and Corporate Values Journey Chart schematically represents the life journey of both the individual and the firm, wherein creative tensions formed when dualistic teleological intentions of responsibility and autonomy intersect, result in synergies that are conducive to and characteristic of the leadership paradigm known as entrepreneurship. The model integrates psycho-social elements, such as conditioning, power, duty, dependence-independence-interdependence,
ethics and holism, thereby giving rise to a way of thinking about entrepreneurship in terms of the values underpinning it and consequently also the leadership processes it demands. The model also then provides a basis for developing appropriate managerial processes and leadership practices that support and enhance an entrepreneurial culture.

The paper aims to position entrepreneurship within a leadership and values paradigm, thereby providing a view of the emergent discipline that may be seen as complementary to traditional economic models. It is envisaged that an increased understanding of the psychological tensions that exist in entrepreneurial firms will equip emergent and nascent entrepreneurs, corporate managers wishing to evoke a more entrepreneurial culture, and academics who teach and research in the fields of entrepreneurship, with the ability to nurture entrepreneurial talent.

**Literature Review**

While Kirzner’s (1997) study of environmental effects on entrepreneurship and Shaver and Scott’s (1991) examination of entrepreneurial behaviour may have forged a tendency toward emphasis on division, Vecchio (2003) recommended that research into entrepreneurship development should be directed toward bridging the gap. Thus, this paper attempts to do so by drawing on relevant literature concerning the psycho-social development of the coping mechanisms suited to entrepreneurial leadership. The authors borrow generously from the field of applied psychology. Cowan and Todorovic (2000), in their theory of Spiral Dynamics emphasise the importance of the relationship between values and strategic development. While an organisation’s purpose may be determined by its leader, his behaviour may also establish the so-called ‘moral tone’ of the organisation (Badaracco and Ellsworth, 1989:72; Hisrich, Peters and Shepherd, 2005). It is clear that the values espoused by business leaders within organisations arise from the application of their personal values within the business context.

Three layers of values relevant to leadership have been identified, the most basic of which are moral and behavioural (surface) values, followed by commitment to quality
and life-long learning (hidden), and finally the cognitive values (deep). Surface values bind, and in some instances segregate, an organisation, while hidden values include the ideologies that drive the organisation (Mintzberg, Lampel, Quinn and Ghoshal, 2003), thereby affecting attitudes and activities of personnel at all levels, a commitment towards life-long learning exists, or the level of commitment towards quality and service. It is within the third values layer, deep values, that individual and organisational behavioural systems emerge (Cowan and Todorovic, 2000:2).

Additionally, psychology has provided numerous theoretical models that explain personal development, specifically: Beck and Cowan (1995), Maslow (1954), Kohlberg (1958), McCleland (1961), Covey (1990), Egan (1997), Piaget (1965) and Alderfer (1969), Rotter (1996) specifically listed below, then illustrated:


2. The classic motivation theory, Maslow’s (1954) Hierarchy of Needs, illustrates a seminal five step personal development path starting from the essential physiological needs to the pinnacle of self-actualization. Robinson’s chart is not an alternative to Maslow’s Hierarchy; indeed it implies that such a hierarchy of needs exists within each of the identified value stations.

3. Kohlberg’s (1958) Stages of Moral Development dovetail perfectly with the value stations of the chart. Kohlberg’s stages 1& 2 equate to purple & red, where people have to learn the rules of society to advance; stages 3 & 4 are blue where rules are enforced for long-term stability and safety; stage 5 is equivalent to the orange station. The sixth stage looks at the ‘big picture’ requiring a substantially more relativistic worldview, thus approximating the green and yellow stations of the Robinson chart. Kohlberg’s phases support another perspective of the ‘leaps of understanding’ as one develops and are observed at the ethical and holistic divides included on the chart.
4. Similarly, early cognitive development work by Piaget (1965) likewise supports the levels of thinking.

5. Egan’s (1997) work on natural mind development follows a similar linear approach to cognitive growth, which supports the axis of rational conduct in Robinson’s chart.

As convincing and well-accepted as each of these theories may be, they remain staged theories, which is limiting, as each provides only a fragmented perspective. The Robinson chart (shown in Figure 2) integrates these separate psychology theories and interlinks them using well-known applied management theories. For example, the addition of a diagonal divide, matching Rotter’s (1996) locus of control distinction, helps distinguish between the expressive value stations and the submissive – a differentiation central in Graves’ original recorded findings. Robinson’s (1998) chart refers to it as the dependency ravine. The chart also includes Covey’s (1990) three consecutive stages of development, namely dependent, independent and interdependent.

Alderfer (1969) recognised, that humans may simultaneously have, and indeed move between, successive need levels. He also realised that people create reinforcing behaviours (habits), which may ‘lock them in’ to a particular station, but that they might
regress to a previously inhabited station, if frustrated – a phenomenon also referred to by Beck and Cowan (1995). The domain of business leadership as a management discipline has been well-researched in the past. Kofman & Senge (1993) - the ‘systems thinkers’, suggest that an innate tendency toward the quick-fix approach to life may have blinded some managers to the bigger picture, that is to say that by looking with immediacy at current situations, humans may gradually be losing their connection with the larger worldview, such that humanity is becoming quite inept at dealing with long-term change and threats, such as global warming. On a more down to earth note, new ventures need organisational structure (Vinell and Hamilton, 1999) and founders of emerging organisations are required to put forward a vision and define goals so as to provide motivation for personnel to work toward specific outcomes (Baum, J., Locke, E. and Kirkpatrick, S., 1998; Kirkpatrick, S., Wofford, J. and Baum, J., 2002), which demands that they themselves are in touch with their world-view, goal-directed and able to manage others.

According to the Personal and Corporate Values Journey chart (Robinson, 1998), six value stations may be plotted. These refer to the propensity of individuals to mature along two planes, concurrently. On one plane, they develop capacity for autonomy and personal freedom; on the other, the capacity for rational and considerate conduct. If this journey is plotted graphically, the two planes may be depicted as axes. Each of six value stations can then be located, and is conveniently colour-coded for ease of identification. Since it is practically impossible to develop in both directions simultaneously, what emerges is a step-wise journey that depicts individuals being ushered intermittently along first one, then the other axis. The journey is indicated in Figure 2.
Purple represents the basic level of maturity, where individuals cling together for safety. Submissive behaviour is common among followers; correspondingly, a paternal leadership style is associated with this value station. Red, signifying an egocentric, ‘dog eat dog’ type culture, typified by aggressive in-fighting and power plays. It can be seen from the chart that Red is a level higher along the autonomy axis, yet no further along the social maturity axis. Residents of Red represent the type of people with a high need for power, as first identified by McCleland (1961).

Social mores first emerge at Blue where absolute compliance and respect for procedure and authority are evident in followers. Leadership at this level entails authoritarian, procedure-bound, formal and centralised control. The Orange value station is
characterised by materialism and affluence, demanding a corresponding opportunity-driven leadership style. Again, it can be seen that, whereas Blue represents an advancement over Purple/Red along the social maturity, Orange represents a step above Blue in the direction of increased autonomy. Orange residents display a high need for achievement (after McCleland, 1961).

Holistic thinking becomes apparent at the Green value station, where peace and harmony are the ideals sought. This tends to generate accommodative behaviour in followers and leaders therefore play a facilitative role. Green residents display a high need for affiliation (after McCleland, 1961). Finally the Yellow value station, being the sixth and ultimate level represents the ability to find inter-dependencies. Leadership is about existential recognition of individual strengths, at whatever level of development or station, and the ability to integrate and synergise with these. Again it is clear that Green values have shifted laterally, while Yellow’s have lifted vertically on the chart.

It is thus clear that progress along the values journey is the result of accumulated experience and knowledge, and that movement is intended ‘in the direction of greater complexity’ (Beck and Cowan, 1996:62). Some individuals have limited mobility and/or begin the journey with a predisposed bias, due to conditioning, as indicated below the X axis in the Figure 2. Progress is marked by a degree of turbulence and uncertainty during the transition from one value station to the next. (Cowan and Todorovic, 2000; Beck and Cowan, 1996), as advancement is presented as a response to changes in the problems of existence. Such “creative tension” (Senge, 1990:9) distinguishes the desired state from the current reality. Followers may inhibit the transition between value states through maladaptive or destructive patterns of behaviour (Beck and Cowan, 1996:61).

The relationship between follower and leader is critical during these transitional phases. Badaracco and Ellsworth (1989) inform that leaders must be careful to espouse values that followers are able to identify with. Correspondingly, leaders need to invoke a sense of purpose, through a vision that energises and motivates followers towards the future
(Bennis and Nanus, 1985:80). For this reason, it is advisable for leaders to be at least one half station ahead of their followers, in order to effectively guide them along.

Consider, for example, the transition between Blue and Orange. In Blue, duty rules and authority takes precedence, the deep values surrounding self-sacrifice and obedience to rightful authority hold sway. However, questions surrounding ‘proper authority’ (Beck and Cowan, 1996:238) present a potential for change. As the (constantly evolving) conditions of existence change, a certain dissonance develops. The first recourse is usually more of the same, but when that fails autonomy, independence and the need for achievement take centre stage (Cowan and Todorovic, 2000). Senge (1990) associates this transitional phase with leaders and organisations that display adaptive and ultimately generative learning behaviours due to the creative tension generating from a paradigm shift. Similar characteristics have been discovered in entrepreneurial behaviour (Timmons, 1994).

We have incorporated psychology theories into Robinson’s Values journey, and now turn our attention to entrepreneurship theories, believing that the Orange region (as shown in Figure 2) represents an entrepreneurial paradigm that equates to known entrepreneurial behaviours. In particular, this transitional ‘space’ has been found to be characterised by:

- The realisation that strong attraction to the ‘musts’ and ‘oughts’ dictated by authorities is limiting to personal development.
- Realising there may be more than one right way – (not so sure what is absolutely right – perhaps there are many ways, but there may still be ‘one best way’).
- Becoming frustrated by the rules, with a corresponding desire for more autonomy.
- Wanting to see some fruits of your success (in this lifetime).
- Wants to be seen as successful (not just as hard-working).
- Argumentative toward authority.
- Feelings of self-sufficiency or being larger than life.
Accepting of some multiplicity, justifying the ‘bending’ of rules in the name of ‘expediency’.
A willingness to indulge in calculated risk-taking.

Karl Vesper (1980 in Hisrich & Peters 2002: 7) admits that entrepreneurs are seen differently by the likes of economists, psychologists, businesspersons, and politicians. The entrepreneurship field has therefore been and is often defined in various ways. First, the entrepreneur as a risk bearer (Cantillon, 1730; in Outcalt, 2000; Hisrich & Peters 2002) is attributed with coining the term ‘entrepreneur’ and recognising their distinctive risk-bearing behaviour (Red-Orange), i.e. they are different people to the owners of capital (more Blue). In Frank Knight’s (1921) economics text, Risk, Uncertainty and Profit, the entrepreneur is depicted as an economic functionary who undertakes the responsibility of uncertainty (Red-Orange). Jean Baptiste Say (1830; in Outcalt, 2000) describes entrepreneurs as organisers with the management functions of co-ordination, organization and supervision (Orange-Yellow). An entrepreneur is thus one who combines the land of one, the labour of another, and the capital of yet another, thus producing a product. Considered by some the father of the study of entrepreneurs, Schumpeter’s (1912/34) twin theories explain how innovation and technological change originates. The earliest speaks of ‘wild spirits’ who “make things work” (Red-Orange). His later (corporate) version suggests that those “who really move the innovation and economy [are] the big companies which have the resources and capital to invest in R&D” (Blue-Orange). Langlois (1987) believed that Schumpeter’s two perspectives of entrepreneurs could coexist (i.e. they overlap in Orange). Casson (2005) further characterises entrepreneurs as the decision makers who improvise solutions to problems which cannot be solved by routine alone, which is to say they operate outside the established rules (beyond Blue = Orange).

Hisrich & Peters (2002:66) suggest that the more successful entrepreneurs exhibit a tendency toward higher internal locus of control than the general populace (i.e. Red, Orange, Yellow). Similarly, Long (1983) considered that three distinct traits in entrepreneurship, namely:
- uncertainty & risk (Red-Orange),
- complementary managerial experience (Blue-Orange)
- creative opportunism (Orange-Yellow)

Researching the entrepreneur as a leader, R. B. Reich (1987) argued that management ability (Blue-Orange), and leadership (Orange-Yellow), should be complimented by team-building (Green-Yellow). He views the lead entrepreneur as one who creates opportunity (Orange). Bygrave & Hofer (1991) describe the entrepreneurial process as involving those functions, activities, and actions associated with grasping opportunities and creating the organisational capability to pursue them” (Orange-Blue).

Sandberg (1992 in Outcalt 2000) adopts more of a systems perspective, which corresponds to the Orange-Yellow paradigm. Robinson’s (2002) definition of the entrepreneur incorporates both innovation (Orange-Yellow) and implementation (Blue-Orange) - An entrepreneur is a person who creates something of value and assumes the risk of building a business around it. Davidsson (2005) found traits for entrepreneurs are generally unsubstantiated and that it is nigh impossible to profile a typical entrepreneur. Anyone could be an entrepreneur under the right circumstances where idea, the individual, and the environment meld. Melding would be a Yellow concept, and the notion of some ideal matching of person, environment and situation would support the paradigmatic discussion. In his investigation of processes relevant to the creation of entrepreneurship, he suggests discovery (Red, Orange, Yellow) search methodologies & exploitation (Blue-Orange). Recently, Casson (2005) broke the definition of entrepreneurs into two approaches, the functional – entrepreneur is what entrepreneur does (i.e Orange) – and indicative approaches - legal status, relation with other parties, and position in society (Blue-Orange).

In summary, Orange thinking persons appreciate success (including the illusion of success) and all activities intended toward success (as epitomised by its ‘trappings’, i.e. material wealth). The entrepreneurial band also incorporates a certain amount of Blue thinking, in that Orange in effect supersedes Blue and thus builds on it, as well as
Yellow, in the sense personal accomplishment beyond the material and toward full empowerment, flexibility and competence achieved through a lifetime of wise choices. There are three obvious examples of modern-day entrepreneurs that display these characteristics: Jack Welch would be the archetypical Orange entrepreneur, with a strong Blue base; Donald Trump displays Orange with some traces of Red (as evident in his TV series ‘You’re Fired!’); Richard Branson would be the Orange entrepreneur stretching into Yellow (as evident in his TV series, which is all about empowering others).

Economists generally agree that the emergence of entrepreneurs is an important ingredient in any growing economy, therefore it is extremely useful to have a sense of what an entrepreneur is in the broader sense of their values and leadership paradigm. This being accomplished, it is now plausible to believe entrepreneurial talent can be nurtured by paying attention to the underlying values and behaviours, through tailored educational development and purposeful experiential learning. In terms of a life journey one can confidently situate the entrepreneur in the Orange values and leadership paradigm. Thus, if one can become Orange, then one can become an entrepreneur.

The paper will now explore the route to Orange, with reference to Figure 3.
This is no ordinary journey. Robinson’s chart illustrates that the development of values at work and within the organisation can be plotted. Accordingly, it is possible to track the development of a firm’s maturing process as it progresses through the identifiable value stations. The path is governed by its essential stepwise progression, i.e. Purple – Red – Blue – Orange – Green – Yellow, as illustrated in Figure 3. Because each step builds on the previous, to leave out any step is to create a vacuum in one’s development that inevitably causes them to regress. Essentially, both Red and Blue together, in equal measure, form the appropriate foundations for Orange. Similarly, both Orange and Green are needed for Yellow. Where it may be possible for a person to leap frog Blue and proceed directly from Red to Orange, one can accurately predict that such a person will, in the absence of a Blue base, regress back to Red in a crisis, whereas it would be eminently preferable for such a crisis to be dealt with from Blue.

It is important to note that not all people are going to reach Orange, and even fewer Yellow, therefore not everybody will develop the intent or capability to become an entrepreneur. Nevertheless, it is plausible to expect that an organisation can contain a
critical mass of thinking and practices that render it, on the whole, entrepreneurial. The fact is that a firm is experienced as entrepreneurial when its day-to-day practices lie predominantly in the Orange band. For convenience, Table 1 shows the six bands.

<table>
<thead>
<tr>
<th>Dominant individual behaviours</th>
<th>Culture type</th>
<th>Typical organisational structure</th>
<th>Typical managerial orientation</th>
<th>Preferred management process</th>
<th>Typical response</th>
<th>Positive manifestations</th>
<th>Negative manifestations</th>
<th>Motivating need</th>
<th>World view</th>
</tr>
</thead>
<tbody>
<tr>
<td>Instinctive self-denial</td>
<td>Submissive</td>
<td>Tribal</td>
<td>Obedience</td>
<td>Parental</td>
<td>Listen</td>
<td>Pride</td>
<td>Blind following</td>
<td>Belonging</td>
<td>Tribal</td>
</tr>
<tr>
<td>Impulsive self-expression</td>
<td>Aggressive</td>
<td>Mini-empire</td>
<td>Task</td>
<td>Tough paternalistic</td>
<td>Force</td>
<td>Self-reliant</td>
<td>Exploitive</td>
<td>Independence</td>
<td>Egocentrist</td>
</tr>
<tr>
<td>Sacrificial self-denial</td>
<td>Compliant</td>
<td>Passive</td>
<td>procedural</td>
<td>Authoritarian</td>
<td>Conform</td>
<td>Respect</td>
<td>Rigid</td>
<td>Security</td>
<td>Absolutist</td>
</tr>
<tr>
<td>Rational self-expression</td>
<td>Progressive</td>
<td>Active hierarchy</td>
<td>Results</td>
<td>Entrepreneurial</td>
<td>Initiate</td>
<td>Affluence</td>
<td>Manipulative</td>
<td>Achievement</td>
<td>Materialist</td>
</tr>
<tr>
<td>Accommodative self-denial</td>
<td>Harmonious</td>
<td>Social network</td>
<td>Relationships</td>
<td>Facilitative</td>
<td>Discuss</td>
<td>Peace</td>
<td>Indecisive</td>
<td>Acceptance</td>
<td>Relativist</td>
</tr>
<tr>
<td>Considerate self-expression</td>
<td>Integrative</td>
<td>Functional</td>
<td>Solutions</td>
<td>Synergistic</td>
<td>Consider</td>
<td>Flexibility</td>
<td>Non-directive</td>
<td>Interdependence</td>
<td>Existential</td>
</tr>
</tbody>
</table>

Table 1: The Six Bands (Robinson, 1990)

A company where the dominant individual need is for achievement, common form of behaviour is rational self-expression, the culture is progressive, the organisation is actively evolving, and the managerial orientation is toward results, will put in place management processes that are entrepreneurial. The typical response to an operational situation would be to analyse and take initiative. The positive manifestation of this paradigm would be a degree of affluence among members, though they may be somewhat manipulative in their dealings with each other. An important effect of all this is likely to be a strongly materialistic world view. This example refers to the band corresponding to the Orange value station and illustrates the concept of congruency in management, whereby an alignment of day-to-day practices around a particular band is said to create congruency and hence a critical mass of thinking and behaviours that are regarded as acceptable within that company culture.
If it is true that ‘hidden values are evidenced in the way in which authority is delegated’ (Mintzberg et al, 2003:301), then managerial practices hold the key to organisational culture. A questionnaire, developed in 1990 by Dorfling and Robinson, facilitates the tracking of current managerial practices that impact the day to day culture within a firm. A second feature of the questionnaire was its solicitation of respondents views on how their managerial practices must change in order to bring the company to what is regarded by them as an ideal culture. Senior managers of 30 small and medium sized, owner-managed firms agreed, without exception, that in order for the firm to become more entrepreneurial, more Orange day-to-day managerial practices would be required.

The authors draw attention to a feature of the Values Chart, which itself is further evidence that entrepreneurship is indeed a values and leadership paradigm, namely the values-based leadership algorithm, consisting of the following axioms:

1. Since those possessing internal locus of control will most likely manage externals, it follows that the expressive stations will almost always preside over the submissive, i.e. Red will dominate over Purple, Orange will manage Blue and Yellow will lead Green (the verbs’ idiosyncratic shades of difference are relevant).

2. Since, as the Values Chart depicts, each successive value station represents a step forward in development, persons residing at any station are best led by those already at a higher station, because, having resided there previously, they retain an understanding of the followers’ problems of existence and ways of coping. Thus, Red will most likely accept Orange leadership, Orange will most likely accept leadership from Yellow, Purple from Blue and Blue from Green.

3. In view of axiom 1, it is ineffective for a submissive station to attempt to lead an expressive, thus Red cannot be managed by or from Blue and Orange cannot be managed by or from Green.

4. Unhealthy leadership occurs when the leader regresses and the regression is to a station behind that of the followers, e.g. An Orange-styled leader of Blue team
members regresses to Red (under extreme pressure), creating an untenable situation in view of axiom 2.

Theses axioms are combined in the algorithm depicted graphically in Figure 4, which illustrates whom can lead who, effectively.

Figure 4: The Values–based Leadership algorithm

Referring to figure 4, it can be seen that each of the three upper (expressive) value stations can provide leadership to people residing in the same or prior stations (both upper and lower), while each of the three lower (submissive) value stations are only able to provide leadership to their respective prior lower station.

It has previously been shown that the entrepreneurial paradigm is situated in and around the Orange value station. Now Orange is an expressive station that, according to the axioms, is capable of managing itself, blue and red. Armed with the algorithm, one might develop a new empathy for the (Orange) entrepreneur’s frustration with a corporate (Blue) environment, or when having to deal with sensitive human-relations issues (Green). Similarly, it becomes clear why the intrepreneur (corporate entrepreneur) might
be successful in leading companies through certain transitions (i.e. Blue to Orange), but not others (e.g. Red to Blue).

**Conclusion**

The notion of entrepreneurship as a values and leadership paradigm allows us to consider its idiosyncracies in a new light. The Personal and Corporate Values Journey chart (Figure 2) locates the entrepreneurial paradigm within the journey of life, with the help of theories borrowed from applied psychology and management theory. The route to developing the essential world view and corresponding coping mechanisms that befit successful entrepreneurial endeavour becomes clear when based on the steps (Figure 3) and the six bands (Table 1). The tell-tale signs of entrepreneurial intent are explained as the transitional ‘space’ between Blue and Orange. A leadership algorithm, consisting of four axioms, is espoused and illustrated in Figure 4. The entrepreneurial paradigm is shown to be in and about the Orange value station and the research questions – What is the entrepreneurial paradigm and how does it evolve? – are addressed by a deepening of our understanding of the relevance of values and leadership in entrepreneurship.
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