ENTREPRENEURIAL LEADERSHIP STYLES: WHAT WORKS AND WHAT DOESN'T

C. W. Von Bergen, Southeastern Oklahoma State University
Barlow Soper, Louisiana Tech University

ABSTRACT

Many entrepreneurs claim to use common sense as their management philosophy. An example is the Golden Rule as a managerial guide for personnel decisions. Since this adage was never meant as a management philosophy, but as a statement of respect and concern for others, it may be inappropriate. Employees want to be understood as unique individuals and as such, they respond to different supervisory methods than entrepreneurs might assume. Entrepreneurs must realize that what works to motivate one employee may not work well with other employees. Examples of effective methods and the principles on which they are based are provided.

INTRODUCTION

Entrepreneurs have many options when deciding how to provide leadership. Some leadership styles are more successful than others and which is which is well documented though not always well understood, disseminated, or utilized. Common sense is sometimes claimed to be the leadership style of choice. Unfortunately, common sense does not always provide the best direction. An oriental fable dramatizes the negative consequences of following common sense, i.e treating others as we would like to be treated.

Once upon a time, there was a great flood; and involved in this flood were two creatures, a monkey and a fish. The monkey, being agile and experienced, was lucky enough to scramble up a tree and escape the raging waters. As he looked down from his safe perch, he saw the poor fish struggling against the swift current. With the very best of intentions, he
reached down and lifted the fish from the water. The result was inevitable (Adams, 1969, p. 22).

Just as the monkey assumed that the fish's needs were similar to its own and behaved accordingly, so do many entrepreneurs assume that their employees think, feel, and want to be treated as they do. Such well-intentioned behavior frequently results in similarly unfortunate circumstances. Let us move from an old tale to a current scenario:

An owner of a small e-commerce business was being interviewed by a local newspaper official. The reporter asked him about his philosophy of management. The owner responded, "I just trust my gut and go by the Golden Rule, treating others the way I would want them to treat me."

The intent of people like this owner is admirable yet "the trick is not to learn to trust... gut feelings, but rather to discipline yourself to ignore them" (Lynch, 1997, p. 419). In this case the Golden Rule is touted as a rationale for relying on common sense. The Golden Rule is used in a way not intended, i.e. as a management philosophy. Many entrepreneurs believe the Golden Rule is the ideal principle for guiding management practice (e.g. Manz, 1998; Schonfeld, 1994). However, difficulties arise when we use ourselves as the measure of how to treat others (Perreault, 1996), assuming we understand their perspectives, rather than assessing those perspectives.

Treating others as we wish to be treated is based on one's own wants, needs, and perceptions, which does not take into account others' perspectives and preferences. Such an approach implies that entrepreneurs use themselves as models for understanding how to manage people. A corollary is that entrepreneurs treat employees the way they themselves want to be treated. "Our tendency is to project out of our own autobiographies what we think other people want or need. We project our intentions on the behavior of others" (Covey, 1989, p. 192). Often, however, employees do not want to be treated as their employer would like, but respond to different methods (Hill, 1992). Hence, using the Golden Rule is not an appropriate model for entrepreneurs. Given these considerations, the management philosophy of the e-commerce business owner discussed above may be problematic.

**WHAT CAN GO WRONG**

How can such an ingrained, common sense adage, one of the oldest ethical maxims (Matthew 7:12, 1979), not be the best way to manage people?
The reality is that what one employee appreciates, another may despise. This is because most of our preferences in life are learned and are highly individualized (Zimbardo & Weber, 1994), including how we like to be treated by the boss.

The tendency to assume that others share our opinions, feelings, and behavior is called the false consensus effect by social psychologists and is considered a fundamental bias in our thinking about other people (Dawes, 1989). We commonly think that others hold similar political opinions, find the same movies amusing, or believe that everyone feels baseball or football is the distinctive American game. Individuals tend to overestimate the proportion of other people who agree with their attitudes about drugs, abortion, seat belt use, university policies, politics, and even Ritz crackers (Nisbett & Ross, 1991; Suls, Wan, & Sanders, 1988). In other words, we assume that people agree with us to a greater extent than they actually do across a wide variety of issues. The adage, "The thief thinks everyone else is a thief," aptly applies.

The bias of assuming that others behave, think, or feel as we do is an error in perceiving that arises because most people want to believe that others agree with them (Mullen, Atkins, Champion, Edwards, Hardy, Story, & Vanderklok, 1985). This way of viewing the world tends to enhance people's confidence that their own judgments, actions, and lifestyles are normal or appropriate which serves as an affirmation of the correctness of their own views (Marks & Miller, 1987; Sherman, Presson, & Chassin, 1984). However, overestimating the trustworthiness of our ideas can be a significant hindrance to rational thinking. We can always believe there is plenty of support "out there" for our opinions, no matter how egocentric they may be. Hence, people may operate under the false assumption that their beliefs are widely held. Thus, false consensus bias can serve as justification for imposing one's beliefs on others. Surely they think, feel, and act as we do, anyway (Fiske & Taylor, 1991)!

The deleterious effects of false consensus may likewise operate in groups and lead to obstacles in their decisions. Cohesive groups of highly qualified, experienced individuals often share the false belief that everyone in the group agrees with the group's judgments (Janis, 1982). Such an illusion of unanimity is a key symptom of faulty decision-making called groupthink that has been cited in a number of poor decisions. Notable examples include: the ill-fated Bay of Pigs invasion of Cuba in 1962 by President Kennedy and
his advisors, decisions made by President Johnson and his counselors between 1964 and 1967 to escalate the Vietnam War, the decision made by President Nixon and his top team to cover up the Watergate break-in in 1972, and the 1986 decision made by NASA and Morton Thiokol to launch the tragic Challenger space shuttle.

**THE PROBLEM OF ASSUMING SIMILAR PERSPECTIVES**

The following six key areas denote where doing to others as we would like may not be an effective strategy and where tailoring our approach to others based on their needs and perceptions is generally more appropriate.

<table>
<thead>
<tr>
<th>Table 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Problem Areas Using the Golden Rule</td>
</tr>
<tr>
<td>♦ Rewards</td>
</tr>
<tr>
<td>♦ Diversity</td>
</tr>
<tr>
<td>♦ Differences in Perceptions of Harassment</td>
</tr>
<tr>
<td>♦ Differences in Ethical Perceptions of Business Practices</td>
</tr>
<tr>
<td>♦ Cultural Differences</td>
</tr>
<tr>
<td>♦ Leadership</td>
</tr>
</tbody>
</table>

**Rewards**

The range of potential differences between ourselves and the people we manage can be great. For example, consider rewards that we might provide employees. Entrepreneurs often assume that what rewards them likewise will reward employees. An entrepreneur may reward a worker with higher pay when the worker really wants prestige, recognition, or more vacation time. Many plant managers have taken a top performer and spouse to an extravagant dinner when that was the farthest thing from that particular couple's desire. They may well have preferred beer and pizza or dinner alone! Of course, the opposite mistake is also made when we assume that
because of certain background factors a couple would prefer beer and pizza when in fact they want to go to a fancy restaurant. Similarly, many of us have heard someone say, "Everybody likes public recognition." The fact is that in research Daniels (1994) has done, most employees say they do not like it. They give various reasons, but most center on concern about what peers might think about them. The effective entrepreneur knows which people like public recognition and which do not and decides on a plan of action accordingly.

Kovach (1987) demonstrated that managers frequently do not understand what motivates their employees. Supervisors were asked to rank-order ten motivational items according to what they believed their employees wanted from their jobs. There were significant differences between these rankings and those of employees. For example, employees rated interesting work as their most important job reward. However, supervisors claimed that their workers' highest preference was for good wages (supervisors ranked interesting work fifth). Additionally, employees rated "full appreciation of work done" and the "feeling of being in on things" as their second and third priorities, respectively; supervisors indicated appreciation as eighth and being in on things tenth. Overall, supervisors had surprisingly inaccurate perceptions of what motivated their employees. It is significant that these different perceptions were obtained from a number of surveys over a 50 year period.

With respect to benefits, some organizations have realized that they may have erroneous ideas of the needs of their employees and have attempted to remedy this situation by implementing cafeteria style or flexible benefit systems (Barringer & Mitchell, 1994). The idea is to allow employees to put together their own benefits package by picking and choosing from available options. Thus, a young parent might opt for the company's life and dental insurance plans, while an older employee may choose an improved pension plan. Flexible benefits have grown in popularity.

Diversity

Diversity is a second issue that brings the Golden Rule into question. Demographic changes have created a more varied society. In the U. S. workforce these shifts and the impact of the civil-rights and follow-on movements have generated more and more workers with differing value
systems and backgrounds. Companies are initiating numerous programs geared toward enhancing appreciation of diversity. Valuing diversity means being responsive to a wide range of people unlike oneself. Included is any number of distinctions such as: race, gender, class, native language, national origin, physical ability, age, sexual orientation, religion, professional experience, personal preferences, and work styles. Valuing diversity involves going beyond the Golden Rule (Carnevale & Stone, 1994). It requires one being receiver-centered rather than self-centered with regard to ones' actions. Valuing diversity involves treating others as they wish to be treated. The implications of this shift in perspective are profound. It requires setting aside one's own perspectives or personal perceptual filters and preferences in order to perceive others for who they are. It means recognizing that other peoples' standards and values are as valid as one's own. This may sound simplistic. However, in a culture that has long been accustomed to being relatively monolithic, dominated by white, male, European values the shift is often difficult and painful.

Once entrepreneurs understand and accept basic sources of uniqueness in their workers and errors in their own thinking, they become better equipped to meet each worker on his or her own turf, as it were. Then, they can more effectively explore what particular interactions and methods will maximize each person's contribution to the firm's goals.

Differences in Perceptions of Harassment

The appropriate legal standard for determining behaviors that constitute a sexually "hostile working environment" has not been clearly established (Li-Ping Tang & McCollum, 1996). The problem is the behaviors that typically constitute a hostile working environment are subject to individual perceptions, definitions, and interpretations; in other words, behaviors like sexual jokes or comments, or touching and patting may hold entirely different meanings for various individuals.

There is virtually no doubt about the fact that certain behaviors constitute sexual harassment. For example, "quid pro quo" behaviors (e.g. a supervisor telling a subordinate that the person either performs a sexual favor or will be terminated) is clearly sexual harassment. Nevertheless, where the behaviors are not so blatant and may still constitute a sexually
hostile environment, the question of defining how a reasonable person would interpret behavior becomes much more important.

One problem is gender-based differences in the way men and women view various behaviors (Baugh, 1997). Based on the literature, for instance, females are much more likely than males to report that they experienced some form of unwelcome sexual attention and to define more social-sexual behaviors as sexual harassment than do males (Gutek, 1989). Similarly, males are less likely to attribute responsibility for sexual harassment to the alleged harasser than are females, and men are more likely to place blame on the female target than are females. Conversely, females assign responsibility for sexual harassment to the harasser. There are likewise differences in how men and women perceive jokes. What may be funny to most males may be insulting or demeaning to many females and failure to account for these differences may lead to strained working relationships, decreased morale and job satisfaction, and possibly charges of harassment.

Entrepreneurs must understand that it is the perceptions of the allegedly harassed individual that will be meaningful in a courtroom. A comment that a male supervisor may perceive as merely complimentary might be perceived by a female as uncomfortable or insulting and create the basis for a sexual harassment charge. Therefore, it is essential to keep in mind the fact that it is the perceptions of the person on the receiving end, not merely the intentions of the sender, which ultimately will determine whether the behavior is unwelcome. Again, it can be seen that failure to take into account the orientation of others may have an unfortunate impact and that doing to others as we would have them do to us is an improper managerial model.

Differences in Ethical Perceptions of Business Practices

Ethical decision-making has emerged as an important entrepreneurial concern in both academic literature and the business press (Labich, 1992; Paine, 1994). Franke, Crown, and Spake (1997) performed a meta-analysis of research on gender differences (20,000 respondents in 66 samples) in perceptions of ethical decision-making and found that women are more likely than men to perceive specific hypothetical business practices as unethical. Research shows that these differences may carry over to men and women's underlying moral structures, value systems, and ethical frameworks. For
example, Gilligan (1977, 1982) demonstrated that women and men possess different underlying moral orientations. She argues that women operate from a framework of caring rather than one of justice, as Kohlberg (1981) suggests is universally held.

Other differences exist, as well. Konovsky and Jaster (1989) reported that men and women differed in the justifications used to support unethical behavior, and Betz, O'Connell, and Shepard (1989) found that men were more willing to participate in a wide variety of unethical behavior including padding travel expenses, using inside information to buy stock, engaging in computer-based theft, and shortcutting paperwork procedures. Tyson (1990) found that in order to save their jobs, men were more likely than women to conceal negative performance from superiors, maximize short-run performance even at the expense of long-run company welfare, bend labor rules to cut costs, and authorize release of a profitable-but potentially unsafe-product. In examining ethical behavior among marketing research professionals, Ferrell and Skinner (1988) found that women in data subcontracting and marketing research firms reported higher ethical standards than men.

A problem with the Golden Rule is that as seen above, people's ethical values differ, and they may mistakenly assume that their preferences coincide with others. Given differences in ethical perceptions, it is understandable how such variance may create problems at work because each gender tends to see ethical situations from their own (often contradictory) perspectives. Additionally, it is sometimes hard to apply the Golden Rule in corporations where the interests of individuals are subordinated to the needs of the firm and where competitive activities demand selfish behavior. Marketing strategies, for example, do not treat competitors with kindness, but are based on self-interest (Steiner & Steiner, 1994).

**Cultural Differences**

Just as individuals have distinct personalities, different cultures possess unique characteristics that must be understood. Managers who have failed to recognize these differences have committed a number of mistakes. Ricks (1993) documented numerous blunders that result from individuals being insensitive to other cultures. For example, Arabs typically dislike deadlines. An Arab faced with a deadline tends to feel threatened and backed
into a corner. Many Americans, on the other hand, try to expedite matters by setting deadlines. As a result, American-owned electronic devices may set untouched in Middle Eastern repair shops because the American owners made the mistake of requesting that the work be completed by a certain time.

In a related example, the acquisition of the Firestone tire company by Japan's Bridgestone did not proceed as smoothly as hoped. In fact, John Nevin, the crusty former chairman of Firestone, admitted that his style appeared abrupt and abrasive at times to the Japanese whose manner is much more subtle. He needed to be less direct and forceful with them, and they had to become more aware and tolerant of American directness.

Cultural norms also affect entrepreneurial leadership style regarding what subordinates come to expect. For example, a manipulative or autocratic style is acceptable in Arab, Far Eastern, and Latin countries, whereas, a more participative or involving style is required in other countries like Austria, Sweden, and Denmark (Hofstede, 1980). In Sweden, specifically, it is traditional for employees at all levels to be involved in the decisions affecting them. However, in India where autocratic decision-making is the norm, it would be considered a sign of weakness for managers to consult subordinates about decisions (Greenberg & Baron, 1997). Therefore, an American entrepreneur, accustomed to participative decision-making, may undermine his or her efforts in India by treating employees in a way that he or she would like to be treated, and not how local customs dictate.

Leadership

A final area in which the assumed similarity is inappropriate relates to the use of contingency leadership. Contingency leadership calls for using management techniques in a selective, situationally appropriate manner, instead of relying on one best way at all times. The contingency approach does two things: (a) it encourages entrepreneurs to view organizational behavior within a situational context and (b) it encourages leaders to adopt the style that will have the greatest positive effect on performance and achievement of organizational objectives. Entrepreneurs must adjust their style to fit their employees and situations.

According to contingency leadership, evolving situations, not fixed rules (such as, do unto others as you would have others do unto to you) determine when and where various management techniques are appropriate.
Research supporting the contingency approach is voluminous (e.g. Hughes, Ginnett, & Curphy, 1996; Quinn, Faerman, Thompson, & McGrath, 1996). Samples include the following.

| Supportive Leaders. | Leaders who emphasize concern for the welfare of subordinates are more effective:
| (a) with individuals who have high needs for affiliation, | (b) with individuals having high social needs, |
| (c) with individuals who have highly perceived abilities to do the work, | (d) for boring or simple tasks, and |
| (e) when jobs involve stressful or frustrating tasks. |

| Directive Leaders. | Leaders who articulate guidelines and performance standards are more effective:
| (a) with individuals who have high needs for security, | (b) with individuals who have low degrees of self-confidence and who believe outcomes are a function of chance or luck, |
| (c) with individuals who have lowly perceived abilities to do the work, and | (d) for unstructured or ambiguous tasks. |

| Participative Leaders. | Leaders who stress information sharing and consultation are more effective:
| (a) with individuals who have high degrees of self-confidence and who believe outcomes are a function of their own behaviors, and | (b) when jobs involve complex tasks. |

| Achievement-oriented Leaders. | Leaders who accentuate excellence and challenging goals are more effective:
| (a) with individuals who have high needs for achievement and | (b) when jobs involve complex tasks. |

Employee performance and satisfaction are likely to be maximized when entrepreneurs compensate for things lacking in employees and/or work settings. However, entrepreneurs who spend time explaining tasks when they
are already clear or when employees have the ability and experience to handle the tasks, will find their input likely to be ineffective because employees will see such directive behavior as redundant and/or insulting (Wofford & Liska, 1993).

CONCLUSIONS AND SUGGESTIONS

Productive management strategy is not a matter of being aware of our own needs and responding to employees based on them, simply because we assume that others want to be treated like us. Instead, productivity is encouraged by being sensitive to others' perceptions, wants, and priorities, then treating them in accordance with these outlooks. Generally, entrepreneurs will be most effective when they take into account the perspectives and preferences of their subordinates and not use themselves as models in managing others.

The following suggestions may be helpful:

| (a) | Be continuously aware of your assumptions about people and your interactions with them. This is a lifelong process, not an end to be achieved, then forgotten about. Do you assume the best about people, or the worst? People will perform up or down to our expectations. Do you assume people share your values, perspectives, and preferences? |
| (b) | Be aware that your views, preferences, and needs are not necessarily shared by others. This seems obvious, but people forget. The cliche, "What you see depends upon where you stand," is appropriate since everyone sees the world from their own unique point of view. Remember, everyone takes a different path to get to their particular vantage points. |
| (c) | Learn as much as you can about individual differences and preferences. These include race, culture, personality, family background, gender, religion, and nationality. The more you know about differences the better you will be able to see beyond your own vantage point. Accumulating knowledge in this area is the first step, appreciating and valuing differences the next. |
Engage in dialogue. Decisions about the welfare of others ought to take into account their perspectives. When unsure, ask! It is amazing what people will tell you, especially if they understand that you genuinely want to know. For example, a policy-making process that includes consultation with employees could disclose others' unknown needs and preferences regarding the issue. Pay attention to non-verbal cues. Due to the inequity of power in owner-subordinate relationships, it is common for subordinates to avoid verbally sharing their beliefs or feelings. Learning to understand the possible meanings of non-verbal behavior can provide cues to others' true feelings. White knuckles clapping the arms of a chair do not signify comfort or agreement, no matter what the person says.

Finally, it is easy to judge others if we assume they are similar to us. This "like me" effect results in an individual's perception of others being influenced more by what the observer is or wants than by what the other person actually is or prefers. Indeed, it can be said that assumed similarity thinking is a "lazy" way of managing others (Robbins, 1997). People who assume that others are like them will be right some of the time, but only when they judge someone who actually the same. The rest of the time, they will be wrong, leading to inaccurate perceptions and invalid data for making predictions, decisions, and guiding behavior. This is like the proverbial broken clock; it is right twice a day.

Use common sense adages like the Golden Rule cautiously to check whether you might be rationalizing when it comes to your own decisions. Accept the fact that the other person is as much an individual as you and insists on being treated as such (Drucker, 1999). You may want to ask yourself periodically, "How would I feel in this situation if I were my complete opposite?"

REFERENCES


