

# Inherent Transparency: Values-Based Entrepreneurial Startups

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by Dustin A. Kelley

Nascent entrepreneurs (NE) pertain to anyone engaged in the creation of a new venture. These individuals have the greatest influence on startup organizational culture. As the key visionaries for the newly established organization, NE's develop the foundation for how the idea will manifest. Characteristics inherent to the NE become the primary influencers of the organization. In particular, inherent NEs' values transparent to organizational followers become the adopted culture transposed through a values-based transformational leadership approach. This article argues for the implementation of a values-fortified approach for entrepreneurial leaders. The purpose of this piece is to establish an understanding for personal value alignment within startup operations. The discussion begins with the entrepreneur's condition followed by the entrepreneur's role. Personal values and inherent virtues are described in detail as they pertain to startup organizations. This article concludes with comments addressing how organizations are a reflection of their values-based visionaries.

## Setting the Stage

The mind is full of opportunity, simplifying difficult criteria into niche solutions that overcome various obstacles previously believed to be barriers to market entry. The next step is to initiate processes reaching towards a forecasted vision. From idea generation to actualization, a process takes place that involves contemplating risks and forecasting events prior to the realization of an entrepreneurial enterprise. As the idea takes shape, the logistics of the operation itself become a condition to advancement, typically masked by the thoughts of obtaining the desired end results of the vision. Within this gap between idea generation and vision realization is this dependency on a visionary to set precedent for operations. In the early stages, this precedent becomes the founder's identity which is the primary imprint for further decision processes (Boeker, 1988).

According to Shane and Khurana (2003), organizations are imprinted by the NE at the time of founding. It is this organizational configuration set by the NE that influences performance during the early years (Beckman, Burton, & O'Reilly, 2007). However, the transition from an NE's worldview to an adopted organizational value system has received little systematic examination as an influencing factor for the implementation of organizational processes (Hoang & Gimeno, 2010). Previous models addressing such founder aspects as knowledge, cognitive skills, and abilities have shown to be relevant factors in understanding entrepreneurship, but they fall short of identifying the NE's role and variation in the subjective importance on their influence (Hoang & Gimeno, 2010, p. 42).

An NE's transparency during the startup phase directly influences organizational perceptions both internally and externally (Altinay & Wang, 2011). Jesus' leadership example emphasized this influential perspective when establishing His organization by selecting 12 men who aligned with His vision that would ultimately influence the world. Through Jesus' leadership example, accompanied by contemporary empirical evidence, a case can be built for values-based organizations to mirror the NE's values thus building integrity, authenticity, and credibility (Albion, 2009, p. 13). The implementation of NE values combined with the issuance of purpose-driven motives provides a true impression of self within the organization. According to Costello (2006), an environment representative of an NE's values produces 2 to 5 times the level of productivity from the collective. Therefore, personal values transparency and transformational values integration translates into greater organizational efficiency.

### **The Actors**

Entrepreneurship, by definition, is traditionally understood by most to reference the act of influencing new enterprise (Low & MacMillan, 1988). However, little has been empirically proven to defend this definition in regards to the entrepreneurial phenomenon (Murphy, Liao, & Welsch, 2006). From a conceptual framework, entrepreneurs optimize economic conditions by directing resources from areas of lower production to those with higher yield potential. Within this notion, *entrepreneurship* then becomes the process by which a social equilibrium is realized (Krueger & Brazeal, 1994). Of applicable interest for this article is this notion of an entrepreneur's personal impact on this resource optimization process.

The word *entrepreneur* holds historic meaning tracing its use back to the 19<sup>th</sup> century when French economist Jean-Baptiste Say used the term to express a notion of ‘undertaking.’ This undertaking is known to engage three distinct factors including vision, leadership skill, and the willingness to disrupt something in an effort to create greater opportunity (McCabe, 2012, p. 12). Of particular interest for this article is the notion that research continuously fails to produce defining characteristic-based differences between entrepreneurs and their non-entrepreneur counterparts when considering these three distinct factors suggesting that true dissimilarities between the two segments pertain, primarily, to the human condition (Baron, 1998).

Sarason, Dean, and Dillard (2006) noted that contrary to belief, the entrepreneur does not advance on intuitions; rather, ideas are manifested through a venturing process. The shift from idea generator through a venturing process to entrepreneurial leader becomes the natural next step within an entrepreneur’s progression in order to realize the proposed vision. Gupta, MacMillan, and Surie (2004) define *entrepreneurial leadership* as “leadership that creates visionary scenarios that are used to assemble and mobilize a ‘supporting cast’ of subjects who become committed by the vision to the discovery and exploitation of strategic value creation” (p. 242). A primary factor for assembling this supporting cast involves the transparency of integrity and trust in the visionary. In this instance, integrity becomes a factor for inherent values to be expressed in an authentic way.

### **Inherent Truths**

Values, regardless of the task or role, are foundational qualities deemed vitally important within the human condition. Values are those virtues that live within and inform decision-making processes. Values govern attitudes and behaviors. Rokeach (1973) defined a *value* as “an enduring belief that a specific mode of conduct or end-state of existence is personally or socially preferable to an opposite or converse mode of conduct or end-state of existence” (p. 8). Further, *core values*, also described as *inherent values* are those that one particularly treasures. A *value system*, therefore, is a factor of one’s cultural surroundings including family, friends, school, and faith. Different from values, *beliefs* are those ideas which an individual recognizes as truth and arrives at more intellectually than emotionally. In this instance, beliefs are manifested by how you describe your values and principles to yourself and others in the form of a *worldview*.

From an entrepreneur’s perspective, values serve as guidelines to actions. Certainly, decisions made without consideration of inherent values decreases the percentage of self-influence on the result. As a component to transformational leadership, values reflect the governing behavior of

entrepreneurial leaders, providing their followers with an evaluative understanding of authenticity. Therefore, a values-based authentic and transparent NE serves to greatly influence the personality of the collective. Hence, the collective's personality becomes the organizational connection to the whole through this mirroring of the NE's value system.

Perceptions of leader values by followers have been empirically proven to influence various aspects of entrepreneurial ventures. For instance, values have shown to hold moderating effects on decision making (England, 1967), moral development (Weber, 1993), managerial achievement (Jaskolka, Beyer, & Trice, 1985), consumer response (Rokeach, 1973), and commitment from followers within the organization (Wittig-Berman & Lang, 1990). Therefore, entrepreneur values inculcated within the organization become the fortified approach to establishing a reflection of leader preferences that govern various aspects of the operation. As McCabe (2012) suggested, values are not just relevant to the founder who implements them, they are now relevant to the collective unit choosing to adopt them as their culture and identity.

### **Values Fortified**

An NE is charged with the establishment of an initial vision. This vision is accompanied by the interpretation of a business model reflective of his/her personal values (Guo, Ruane, Galli-Debicalla, Nguyen, & Manz, 2012) when transitioning his/her role from idea generator to organizational leader. *Value fortification* is used here to describe this notion of grounding personal values within the organization. As noted by Carson and Gilmore (2000), the organizationally held values of a startup operation are an extension of the founding member, thus the primary influencer of organizational values is the inherent characteristics of the EN.

Fortifying values within the startup organization requires consistent maintenance in the form of a values-based leadership approach. Many studies have defended the notion that NE's who inculcate personal values into the organization have significant influence on their work environment (Browner & Kumbarski, 1991; Goldberg & Kirschenbaum, 1988; Lachman, 1988; Lachman & Aranya, 1986; Stevens, Philipson, & Diederiks, 1992). A values-based leadership approach articulates a vision that influences follower values, thus fortifying the adoption process. This power influence involves great responsibility on the part of the NE charged with the vitality of the proposed vision. Further, the establishment of a value-based culture during the startup phase has greater advantages due to the

lack of institutional constraints and established bureaucracies that might prevent leader influence on value integration.

### **Conclusion**

Of critical importance presented within this article is the influence of NE's values on organizational culture. Beyond the external influences and environmental factors continuously referenced within entrepreneur-related research is the understanding that an organization begins as a reflection of its idea generator. At its nucleus, a startup is created from the NE's core values which envelop the organization from its beginnings when transparent and applied through a values-based transformational approach. Fortifying personal values within the organization is an alignment strategy that builds true expression and life integration for the NE within his/her organization.

Beyond the influence of values fortification within the confines of the organizational boundaries is the value influence on surrounding culture. Kreiser, Marino, Dickson, and Weaver (2010) defend the notion that civilization is influenced by entrepreneurship. Values fortification stemming from personal virtues can have culture influence just as cultural influences impact the entrepreneur. For example, the rapid adoption of Facebook stemming from a simple startup has recently elevated its status to a global cultural phenomenon. Various aspects of this Facebook phenomenon have altered the way we communicate on a global scale. All of this originated with an NE who implemented his personal values during the founding stages of the organization. Among these values were 'building social value' and 'focusing on impact,' both influencing global communicative culture.

Values provide individuals a set of standards to live by. From an organizational perspective, values can be viewed as the culture and identity defining the organization. As the visionary, the NE has the greatest influence on organizational values. Fortifying personal values within the organization through inherent transparency along with a transformational approach can bring the vision into alignment with the organization resulting in socially preferable existence. The transparent nature of these personal values fortified within the organization can stimulate and transform followers by acting on their higher order needs such as social inclusion and self-actualization (Yukl, 2006). Therefore, the alignment of an NE's personal values within an organization leads to the creation of leader-follower congruence (Krishnan, 2004) and organizational optimization.

## About the Author

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