

# From Entrepreneurship to Leadership

David Audretsch<sup>1</sup>

Jagannadha Pawan Tamvada<sup>2</sup>

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## Abstract

Entrepreneurship needs to transition into leadership to advance stakeholders' interests both within and outside a firm. Based on insights from recent advances in leadership theory and practice, we present a simple, yet elegant model called *TRY* Leadership that identifies three qualities that enable entrepreneurs to be effective leaders in society. The *TRY* model complements and contributes to the emerging paradigm of responsible leadership to offer an actionable framework of leadership for entrepreneurs.

Keywords: Entrepreneurship, Leadership, TRY Leadership, Stakeholders, Societal Progress

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<sup>1</sup> School of Public and Environmental Affairs, Indiana University, Bloomington, US. [daudrets@indiana.edu](mailto:daudrets@indiana.edu)

<sup>2</sup> Southampton Business School, Faculty of Social Sciences, University of Southampton, UK.  
[jp.tamvada@soton.ac.uk](mailto:jp.tamvada@soton.ac.uk)

## 1. Introduction

A vast scholarship has championed entrepreneurship as a force for good (Audretsch et al., 2021, Audretsch et al., 2006; Audretsch & Thurik 2001, Reynolds et al., 1994). And it had a reason to do so--entrepreneurship created jobs (Birch, 1979), accelerated economic growth (Audretsch et al., 2006), and shifted the world out of the managed economy (Audretsch & Thurik, 2000). As this compelling scholarship led the calls to support entrepreneurs, the broader society celebrated their lives and their firms' successes. However, this scholarship didn't explicitly set out the responsibilities associated with entrepreneurship.<sup>3</sup> As society changes and evolves, what constitutes "good" also changes and evolves. The great societal problems and challenges of yesterday and not the same as today's. This paper argues that a critical responsibility for entrepreneurship is leadership. Such leadership involves a commitment to advance stakeholders' interests within and outside the firm.

The reason why this leadership is crucial is that societies globally are facing compelling challenges. If entrepreneurs do not transcend the logic of market economics that prioritizes profit over everything else, they can risk becoming part of the world's problems than its solutions (Wright and Zahra, 2011, Tamvada and Chowdhury, 2022). Consider the case of the pandemic, for instance. Some entrepreneurs quickly spotted opportunities and sold essential commodities on e-commerce platforms jacking up the prices to make short-term

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<sup>3</sup> We consider entrepreneurs in a broader sense to include both new firm start-up owners and business owners.

profits<sup>4</sup> and some engaged in mafia entrepreneurship.<sup>5</sup> Others prioritized niche objectives like space travel—a venture that can entertain the elite in a distant future—instead of investing in the needs of the time, for example, through drug discovery that accelerates the pandemic's ending.<sup>6</sup> If entrepreneurs do not assume leadership in crises like these, there is little chance they will do so when times are normal.

Leadership has always been an inherent part of entrepreneurship, in that the core function of the entrepreneur is viewed as leading the identification and creation of opportunities as well as acting upon and commercializing those opportunities. The difference is the emergence of contemporary societal problems and challenges elicits entrepreneurial leadership with a prima facie focus on opportunities for societal value beyond the boundaries of the firm. Building on emotional intelligence (Salovey & Mayer 1990; Goleman 1995) and the emerging theories on responsible leadership (Maak and Pless 2008, 2009; Voegtlin et al., 2020), we propose a simple, yet elegant leadership framework called *TRY* leadership that illustrates three pivotal qualities that are essential for such leadership in times like these.

## **2. TRY Leadership for Entrepreneurs**

An extensive body of scholarship has examined the science of leadership. Beginning with the great man theories of the 1840s and traits models of the 1940s (Tead 1935, Cawthon 1996),

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<sup>4</sup> [“Pandemic price rises still rampant on Amazon, research finds”](#), *Financial Times*, January 22, 2021

<sup>5</sup> [“A parallel contagion: Is mafia entrepreneurship exploiting the pandemic?”](#), Global Initiative Against Transnational Organized Crime

<sup>6</sup> [“Rocket men: Bezos, Musk and Branson scramble for space supremacy”](#), *The Guardian*, 12 June 2021.

the literature on leadership has evolved significantly to focus on the behavioural aspects of leaders (Johns and Moser 1989; Denison et al., 1995), their situational contextualization that reflects the environment (Fiedler 1978), transactional cost-benefit exchange with followers that relies on authority and transformational leadership that inspires followers to achieve more (Burns 1978; Bass 1990), authenticity that focuses on positive psychological capacities that foster self-development of both leaders and followers (George 2003; Avolio and Luthans 2003; Gardner et al., 2011), shared, collaborative and collective models that emphasize interpersonal engagement (Mathieu et al., 2008, Carter et al., 2015), ethical leadership that demonstrates normatively appropriate conduct through action and interpersonal relationships (Brown et al., 2005; Lemonie et al., 2019), and servant, inclusive and complex-systems based approaches to leadership (Greenleaf 1970; Patterson 2003).

While the above leadership theories focus on leaders' interactions with followers within an organization, the emerging paradigm of responsible leadership (Maak and Pless 2008, 2009; Voegtlin et al., 2020) views leadership through the lens of the stakeholder theory (Freeman 1984, Freeman et al., 2007) to focus on the leaders' interactions both within and beyond the boundaries of the firm. Complementing this paradigm, this paper sets out qualities that are essential for entrepreneurs to be leaders in society while effectively leading their organizations. The *TRY* (Trust-Respect-You) leadership model we present here identifies three pivotal qualities -- trust, respect, and a genuine concern for co-workers/society, as fundamental to entrepreneurs becoming effective leaders both within their organizations and in the wider society in times like these. These are summarized in Figure 1.

Leadership	<i>Trust</i>	<i>Respect</i>	<i>You</i>
<i>Inside the firm</i>	In team members and employees  Becoming trustworthy to internal stakeholders	For team members and employees	Asking team members and employees “ <i>what can I do for you</i> ”
<i>Outside the firm</i>	Becoming trustworthy to external stakeholders	For external stakeholders	Asking external stakeholders “ <i>what can I do for you</i> ”

Figure 1: *TRY* Leadership for Entrepreneurs

The first row presents the *TRY* leadership model within the firm. In their famous book, “*The Speed of Trust: The One Thing that Changes Everything*,” Covey and Merrill (2006) state that trust affects two outcomes—speed and cost. Low trust creates a tax on the system by increasing suspicion within the organization, while high trust leads to dividends through improved performance of co-workers. As they state, “When trust goes down, speed will also go down and costs will go up. When trust goes up, speed will also go up and costs will go down.” Inside the firm, trust develops a sense of accountability (Thoms et al., 2002). It is a conduit for the positive impact of transformational leadership on employee outcomes (Goodwin et al., 2011) that increases employees' organizational embeddedness and innovative behaviour (Amankawa et al., 2022).

When such trust is combined with respect for team members, they are more likely to invest in the team (Ellemers et al., 2013), and increase their organizational commitment (Boezeman & Ellemers, 2007). For example, analyzing 1.4 million employee reviews of their organizations, Sull and Sull (2021) find that respect is the most powerful predictor of employees' ratings of organizational culture, and supportive leadership is the next most important predictor of

positive employee reviews. Such supportive leadership acknowledges that unresolved bottlenecks and collaborative overload can inhibit individuals from making their best contributions in an organization (Villinski, 2016). By shifting the focus to what the organization can do for them (for example, by asking, "*what can the organization (or I) do for You?*"), leaders can unleash their intrinsic motivation to excel by addressing these bottlenecks head-on (Van Dierendonck, 2011). Thus, by actioning elements of emotional intelligence (Salovey & Mayer 1990; Goleman 1995), the *TRY* leadership model creates a responsible culture through better relationships that intrinsically motivate team members to offer their best capabilities while removing potential bottlenecks that inhibit their contributions.

The second row presents the *TRY* leadership model outside the firm when an entrepreneur engages with external stakeholders and the wider society. Here the entrepreneur takes initiatives and actions that convince the stakeholders of her trustworthiness, leading to reputational benefits (Cladwell and Clapham, 2003). Similarly, by demonstrating respect to towards stakeholders and their needs, the entrepreneur gains their respect leading to positive externalities, as in the case of Ratan Tata, the former Chairman of TATA sons, a global conglomerate that has established a reputation for creating a positive impact while pursuing its corporate goals (Shah 2018). Augmenting these, when leadership is assumed in advancing mutually beneficial goals by considering what can be done for stakeholders and society, the entrepreneur demonstrates a commitment to people and planet's sustainability that is not imperilled by the pursuit of profit.

### 3. Conclusion

The models, thinking about and views of entrepreneurship may not be entirely outdated, but they also are sufficiently limited as to miss a newly emerging fundamental role for entrepreneurship in contemporary society. At its core, the model of entrepreneurship remains focused on opportunities – their discovery, creation, and implementation. However, a previous generation analyzed entrepreneurship largely in the context of the private sector, albeit always within an institutional and cultural framework. And an emerging body of literature on entrepreneurial leadership aims to shed light on leadership in such entrepreneurial contexts (Gupta et al., 2004, Leitch et al., 2013, Kroyak et al., 2015, Harison et al., 2019).

By contrast, this paper provides a mandate for a much broader and societal view of entrepreneurship, where the leadership of entrepreneurs in creating opportunities to address the most compelling challenges confronting society takes on first and foremost a civic, social and public dimension. With the planet facing multiple threats ranging from dramatic changes in climate to increasing inequities on multiple measures of socio-economic progress and low engagement of employees at workplace,<sup>7</sup> this paper argues that entrepreneurs must lead to ensure that the broader interests of people and the planet are protected. Such leadership from entrepreneurs is even more pertinent as employees worldwide are facing an uncertain future: technological innovations and dynamic external environments are increasing the likelihood of their jobs becoming redundant.

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<sup>7</sup> According to a recent estimate, “*low engagement costs the global economy US\$7.8 trillion and accounts for 11% of GDP globally (Gallup 2022).*”

For this, the paper sets out three qualities that are essential for entrepreneurs to be responsible leaders in society while effectively advancing their organizational goals.<sup>8</sup> Rooted in emotional intelligence, we call this the *TRY* leadership model for entrepreneurs to emphasize trustworthiness and trust (**T**), respect for the needs of stakeholders (**R**), and a quest to do something positive, for example, by asking the stakeholders both *within and outside* the boundaries of the firm “*what can the organization (or I) do for You (Y)?*.” These three qualities also advance their business goals by developing a sense of accountability within the team, creating reputational benefits, increasing organizational commitment, and addressing bottlenecks to performance.

The *TRY* leadership model offers a template to entrepreneurs for reassuring the employees, as well as the broader group of stakeholders, of their commitment to people and the planet's sustainability through responsible leadership. More than ever before, there is an imminent need for entrepreneurs to *TRY* leadership worldwide. The model presented here also suggests that public policy should encourage/incentivize entrepreneurs to proactively engage and work towards resolving the grand challenges of the current times. Such policymaking can include offering specific financial/non-financial incentives and rewards to entrepreneurs who demonstrate leadership in society.

**Competing Interests Statement:** The authors have no competing interests to declare.

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<sup>8</sup> We draw these from seminal contributions including, Burns (1978), Salovey & Mayer (1990), Goleman (1995), Cladwell and Clapham (2003), Ellemers et. al (2013), Kouzes and Posner (2006), Van Dierendonck (2011), Mankins (2013), and Villinski (2016), amongst others.



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