

# Souly Aligned

## The Impact of Entrepreneurial Spirit on Workplace Spirituality

Matthew D. Gonzalez, Ph.D.

Assistant Professor of Business Administration, University of Incarnate Word, San Antonio

Email: mdgonzal@uiwtx.edu

### **Abstract**

This study, in the form of a single-case study, focuses on the entrepreneurial spirit of Warren Buffett, CEO and Chairmen of the Board for Berkshire Hathaway, Inc., and his impact on the spirituality within Berkshire Hathaway, Inc. The constructs of entrepreneurial leadership and integral leadership are defined through multiple lenses to include the behaviors and characteristics within both, a) the entrepreneurial leader, and b) the integral leader. An analysis of Mr. Buffett's leadership approach, organizational profile, global influence, and change management approach are synthesized as independent variables on workplace spirituality (dependent variable). A final set of recommendations are presented for improvement on Mr. Buffett's leadership approach toward a more concrete succession plan and full attainment of the integral method of leadership, by souly aligning his entrepreneurial spirit, and personal spirituality with the needs of spirituality within the workplace.

### **Introduction**

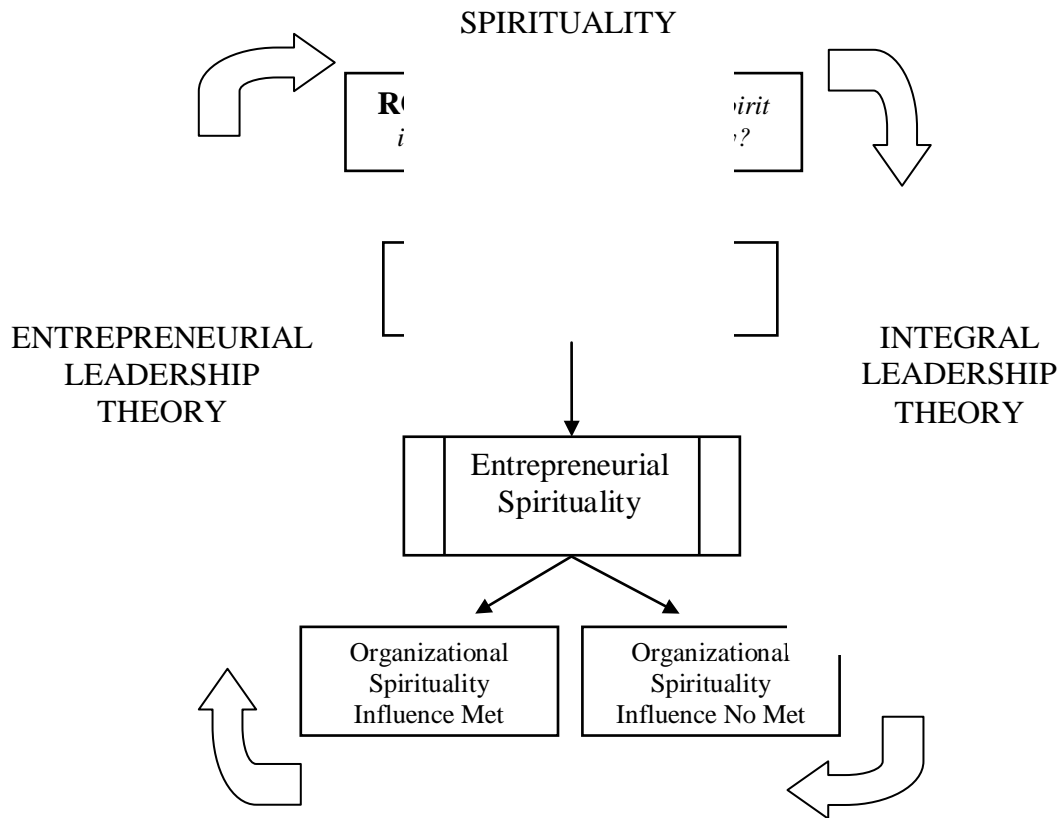
An emerging trend has developed for today's entrepreneurs who are being asked to subscribe to multiple methods of leadership, by their peers and leadership scholars alike placing "more emphasis on the necessities of authenticity, consciousness, ethics, humanism, integral development, morality and spiritual maturity" (Pauchant, 2005, p. 211). The method of leadership this researcher will use as a paradigm in synthesizing entrepreneurial characteristics with organizational spirituality stems from Pauchant's multi-disciplinary method called integral leadership. The integral method of leadership integrates the physical, psychosocial and spiritual realities of an entrepreneur's environment. Framing Pauchant's integral style of leadership with Aldoory and Toth's (2004) discussion of the transformational style of leadership, which demonstrates "the power to captivate and energize a following" (Aldoory and Toth 2004, p. 3), and Tarabishy's et al. (2005) study of the entrepreneurial leader's impact on the organization's performance will add to the entrepreneurs ability to spiritually influence followers, stakeholders, and leaders alike.

### **Nature of the Study**

While there is a calling for connectedness of spirituality within and beyond an organization (Corner and Pavlovich 2009), Pauchant discussed the spiritual realities do not

necessarily imply a spiritual entity has to exist, or that others should follow blindly in entrepreneurs' footsteps. As a final entrepreneurial leadership paradigm, and to finalize the nature of this study, this researcher will integrate Goleman's (1998) study of emotional intelligence (EI). Goleman defines EI as having personal competencies displaying self-awareness, self-regulation, motivation, empathy, and social skills.

Thus, in light of a need for more entrepreneurial integral leaders, and a need to connect organizational spirituality beyond interpersonal connection, the integral method of leadership presented in this paper utilizes Pauchant's multi-disciplinary approach as an entrepreneurial leadership framework, including 1) Tarabishy's et al. transformational entrepreneurial traits, 2) Aldoory and Toth's transformational style of leadership, and 3) Cross and Travaglione's (2003) discussion of the entrepreneur of the 21<sup>st</sup> century displaying Goleman's EI competencies. Throughout this paper, an entrepreneurial spirit is framed as a collection of inputs to include the characteristics, behaviors, and features displayed that make up an entrepreneurial spirit. Figure 1 displays a conceptual framework by which a case study on Warren Buffet's use of integral leadership and its influence on Berkshire Hathaway's workplace spirituality.



I. Figure 1. Workplace Spiritual Alignment Conceptual Framework

While identifying all available personal spirituality choices in the context of every leader who subscribes to entrepreneurial and integral leadership theories and practices is beyond the scope of this paper, this researcher's purpose is to extend the current view of each theory. The case unfolds as a person (Warren Buffett) who practices both theories, and has the ability to influence workplace spirituality (Berkshire Hathaway, Inc.). The case study on Mr. Buffett offers

a perspective of spirituality by addressing the following question: Does an entrepreneurial spirit influence workplace spirituality?

## Literature Review

### Characteristics of an Entrepreneurial Spirit

The successful performance of upstarts and new venture creations are a function of recent psychology-based researchers' interest in "moving beyond the past focus on traits to study competencies, motivation, cognition, and behavior" (Baum and Locke 2004, p. 587). As a result, this paper will focus on four defining elements that are necessary characteristics and behaviors for spiritual entrepreneurial leaders.

*Passion.* Despite the many obstacles facing entrepreneurs, to include a high risk of failure, lack of resources, long hours, and extreme uncertainty, the dedication to their work ethic can best be described as unparalleled. Labeled as a love of one's work, Baum and Locke (2004) discuss Locke's (2000) entrepreneurial qualitative analysis as a "core characteristic of great wealth creators, such as Michael Bloomberg, Bill Gates, Ken Iverson (Nucor), and Mary Kay Ash (Mary Kay)" (p. 588). Smilor (1997) suggested that passion is one of the most observed phenomena of the creative entrepreneurial process. Thus, passion and the motivation to succeed prove to be some of the most promising characteristics in terms of leadership and entrepreneurship theoretical support.

*Vision.* As key as communication is in the business world, communication of an entrepreneur's vision helps to project an image of what an entrepreneurial leader wants to achieve (Baum and Locke, 2004). Tarabishy et al. (2005) discuss a visionary leader in a more holistic fashion whereby characteristics that help project the vision include transformational and transactional styles of leadership. These authors further posit the entrepreneurs clear vision aligns with the organization's strategy which allows for a more proactive organization. Baum and Locke (2004) ultimately believe continual communication of the vision is an entrepreneurial behavior necessary for motivating high performance within an organization.

*Goal Setting.* In a movement away from the Trait Theory of entrepreneurial studies, Baum and Locke (2004) propose goal setting as a skill and characteristic of entrepreneurial leadership that can be trained. Tarabishy et al. (2005) review entrepreneurial goals from the perspective of making clear and explicit for performance expectations and possible rewards they promise in return for delivering the goals. To the extent that the goals are realistic is a function of how well the entrepreneur subscribes to a self-regulation model of achievability for their own behalf, followers, and all stakeholders involved.

*Social Skills.* Defined as larger than the ability to negotiate and influence others (Cross and Travaglione, 2003), social skills can be seen as the necessary characteristics to empathize, adjust, and influence the well-being of others (internal and external from the entrepreneur's organization). From an internal perspective, an entrepreneur's ability to adjust one's leadership style toward empathy, influence, spirituality, amongst other soft skills drive a connection between leader and follower. From an external perspective, a different type of capitalism can be formed, one that Simms (2006) reveals as a kinder form of capitalism toward philanthropic social causes spawned by entrepreneurs. Based on an interview with Charles Handy, who has been a part of UK's largest workplace trends over the past fifteen years, Simms (2006) further adds to the social skill characteristics foreseeing a new kind of philanthropic entrepreneur emerging.

## **Research Method**

A qualitative research method (Caswell 2007) in the form of a case study was utilized as a means of studying a more humanistic and deeper appreciation for spirituality experiences (Braud 2009). Braud further discusses a case study, within the research constructs of spirituality in the workplace environment, may go a step above a quantitative study in its ability to study and appreciate spirituality. The single case study design was selected to further extend the available research as a theory building approach toward entrepreneurial spirit and organizational spirituality.

The single case study informing the current research is Warren Buffett, Chairman of Berkshire Hathaway, Inc. The strength of selecting Warren Buffett as a case study lies in his ability to, a) lead by example, b) display unconventional business acumen, c) influence stakeholders, and d) build/ buy organizations that appeal to his entrepreneurial spirit. The major strength of the individuals who run Berkshire Hathaway, Inc. is their ability to analyze and predict future growth, despite the hype of the organization's products.

Data were selected via primary and secondary sources, to include a structured interview, company reports, books, websites, and academic research. Multiple requests were made to conduct and formulate primary research, via interviewing techniques, by contacting Berkshire Hathaway's public relations departments. A brief interview was granted with the public relations individual, lasting less than 10 minutes in duration. The secondary data were collected and sorted via thematic analysis as described by Strauss and Corbin (1990). The conceptual framework, illustrated as Figure 1 within this research, was utilized as the primary structure to analyze the data in the context of spirituality in the workplace (Braud 2009).

The intention of this research is to analyze the case study constructs in relation to how the combined theories on entrepreneurial and integral leadership extend spirituality within the workplace environment. The driving purpose of this research is to extend the concept of whether or not an entrepreneurial spirit can influence organizational spirituality. While the analysis of the data is subjective, inductive reasoning and ontological experiences are called upon to help build patterns between a type of 'spirit' (e.g. entrepreneurial) and its influence on workplace spirituality.

### **Case Study**

Warren Buffett, touted by numerous businessmen and businesswomen as the world's foremost expert on investments, describes himself in another light. Mr. Buffett, considered to be "an agnostic" (Tigay 2006, p. 1) and an introvert, based on the Myers-Briggs Type Indicator (Jones 2006), has a daily need to reflect at the end of day by reading company reports. While the act of reading daily reports does not in itself consider him to be a pure introvert, his willingness to read the details further explains his demeanor of wanting excellence with perfection (Shelton 1996).

### **Leadership Approach**

While most high ranking managers in Mr. Buffett's shoes would normally view themselves through the lenses of the CEO who have a need to create further capital, Warren Buffett's leadership style encourages protection off the customer's capital as though it were his

own, and asks his subordinate managers to follow this same leadership philosophy. Through his Institutional Imperatives, Mr. Buffet declares responsibility for understanding the overall vision of where he thinks certain industries maybe headed, and then acquires the companies who fall in line with this vision. Turning to his management style, Warren Buffett ensures a common respect for each of his CEOs who operate the subsidiaries of Berkshire Hathaway, Inc. by inviting each CEO to participate in the visionary discussion. Warren Buffett's ability to instill the self-disciplinary approach to both leadership and management is not only evident through the success of his CEOs, but can also be seen through his latest philanthropic effort.

## **Organization's Profile**

Berkshire Hathaway, Inc. is a diversified holding company engaged primarily in the provision of insurance products and services. Additionally, the group is engaged in non-insurance businesses including jewelry, building products, financial products, flight services, retail, and apparel amongst others. A recent quarterly report, issued by Berkshire Hathaway, Inc., discussed the organizations acquisition strategy in purchasing businesses with consistent earnings, good returns on equity, able and honest management and at sensible prices (Berkshire Hathaway, Inc. 2007). The profile and actions of the organization, as specified in this quarterly report, mimic the entrepreneurial leadership actions of Warren Buffett's self-disciplinary method of leadership.

## **Analysis and Synthesis of Results**

In light of Pauchant's (2005) germinal multi-disciplinary approach to leadership, Warren Buffett possesses the transformational, and transactional elements of leadership, however lacks the spiritual element in his self description as an agnostic. The key element of the integral leadership method is a leader who continually looks inward for answers first, which Warren Buffett displays almost to a perfectionist state. His strongest trait in relation to Tarabishy et al. (2005) transformational entrepreneurial traits includes that of a self-disciplinary individual. Warren Buffett's continual sense of self-discipline and vision, on his own behalf and on the behalf of each CEO of Berkshire Hathaway Inc.'s subsidiary's, serves as an additional quality within the transformational style of leadership, posed by Aldoory and Toth (2004).

Warren Buffett makes up for his lack of faith-based entrepreneurial leadership through his "kinder form of capitalism" (Simms 2006, p. 26) via multiple philanthropic social causes, most notably through the charitable donation of \$30 billion to the Bill and Melinda Gates Foundation. Warren Buffett has begun to display emotional intelligence competencies, posited by Cross and Travaglione (2003), which follows in line with governments, businesses alike, and individuals who look to the entrepreneur of the 21<sup>st</sup> century to become more ingrained within the society they operate. After 46 years of operating Berkshire Hathaway, Inc., Warren Buffet has just begun his transition, in-full, toward the integral method of entrepreneurial leadership through his vision, self-discipline, ability to transform his CEOs toward his mentality, and now through his emotional intelligence traits displayed via philanthropic efforts.

### **Influence toward Berkshire Hathaway, Inc.**

A limited discussion with the Public Relations department of Berkshire Hathaway, Inc. revealed that the organization has roughly 20 employees that work within the corporate

environment. Upon requesting a formal interview with someone who knew about the spirituality endeavors in the workplace environment, the response was clear that there was no spirituality workplace movement within Berkshire Hathaway, Inc. Furthermore, given the limited number of employees, there was no time to devote to such an endeavor, much less this interview.

## **Discussion**

### **Leadership Recommendations**

The two most pressing leadership issues facing Warren Buffett are 1) a clear succession plan, and 2) a potential need to fulfill the spiritual component of the integral method of leadership. Mr. Buffett, who is in good health, has no immediate plans of stepping down as CEO of Berkshire Hathaway, Inc. The issue over who will serve as CEO and Chairman of the Board has surfaced more so in recent years, largely due to Mr. Buffett's age. However, in recent communiqué to stakeholders and internal employees within Berkshire Hathaway, Inc., the discussion of a succession plan serves more as a push by Warren Buffett, rather than pull by the stakeholders principally as a means of ensuring the thought of succession is on his mind.

While speculation has arisen around the role of Howard Buffett, an existing Board of Director and Warren Buffett's son, Howard will continue on the Board upon his father's death serving in a family interest capacity. Thus, the question of what skills and who specifically will serve as CEO and Chairman has been recently addressed by Mr. Buffett himself through numerous forums. In a handwritten letter, from Warren Buffett to the Berkshire Hathaway, Inc. stakeholders, the letter begins, "Yesterday I died. That is unquestionably bad news for me but it is not bad news for our businesses," This letter resides in his secretary's desk, which is to be mailed out to all stakeholders the day after his death.

The specifics regarding the daily duties of Berkshire Hathaway, Inc. have been addressed by Mr. Buffett in terms of separating the duties into three parts, Chairman of the Board, CEO, and Chief Investment Officer. Mr. Buffett himself currently holds the Chairman of the Board and CEO positions, while Charlie Munger and Mr. Buffet co-direct the role of Chief Investment Officer. Berkshire Hathaway, Inc. has no pure intention of replacing Charlie Munger, roughly the same age as Warren Buffett, individually. The new CEO will also serve as Chairman of the Board, while the Chief Investment Officer will work with the CEO on a daily basis.

This separation of power provides Warren Buffett with the necessary capacity to infuse his leadership styles on each of these positions. To the chagrin of existing investors, Mr. Buffett's leadership approach to serve as CEO until he dies provides a short-term confidence level in the organization's ability to operate. However, Mr. Buffett has provided a clear vision regarding the next phase of leadership to all stakeholders by presenting five potential candidates to serve each of the positions he holds.

### **Integral Leadership**

Warren Buffett has displayed two out of the three necessary components of Pauchant's (2005) integral method of leadership. Through his successful transactional methodology of disciplinary investing, Warren Buffett has created a following and a vision for Berkshire Hathaway, Inc. Upon completing a formal presentation course, Mr. Buffett who was afraid to

speak in public, has learned to project himself in the public-eye providing him with the capability of further communicating his vision for standards, ethics, values, and general investment direction for the organization. These transformational traits of vision with a purpose, and a true following, have helped him to grow personally, and Berkshire Hathaway, Inc. to grow in the eyes of investors.

Where Mr. Buffett falls short in the integral method of leadership is in the spiritual aspect of creating a bond with his employees, and stakeholders alike. A self-proclaimed agnostic and the reality of his age present a slim possibility of actually turning his beliefs into a faith-based set of beliefs. Although, in line with the actions of other integral leader's before him (i.e. Nelson Mandela), this researcher recommends a more spiritual approach to leadership in addition to his emotional intelligence (Goleman 1998) aspects of operating Berkshire Hathaway, Inc.

It is the belief of this researcher, based on Mr. Buffett's self-proclamation, that Warren Buffett may never truly turn away from being an agnostic. Although, many doubted Mr. Buffett would give his fortune away through his philanthropic ideals at such a late age. Furthermore, his constant display of discipline and ethical decision making provide strong transformational traits that may inspire other leaders, in a world where unethical leadership has surprised even the most savvy investors. Thus, this researcher further synthesizes Mr. Buffett has achieved the integral method of leadership by the monetary means available to him, through his disciplinary ethical actions, and value-oriented method of operating rather than through pure spiritual methods as originally discussed by Pauchant (2005).

In a thankless task of continually pleasing stakeholders, Warren Buffett has created more of a spiritual sense of mission by meeting stakeholder demands. Thus, his followers view him in somewhat of the Great Person (Cunningham and Lischeron, 1991) mentality of entrepreneurial leadership. In return for his never-ending sense of upholding his values and shareholder goals of return on investment, the question of what he does helps to provide meaning for Warren Buffett as an effective leader where his faith-based beliefs lack (Useem, 2005).

### **Workplace Spirituality Influence**

Entrepreneurial leadership studies have focused heavily on trait theories, to no conclusive avail in determining which specific traits actually define an entrepreneur. With today's increasing pressures, by society and stakeholders alike, on entrepreneurial activity, a myriad of differing leadership tactics are being called for to include behaviors as opposed to pure traits that signify emotional intelligence, morality, and spiritual mentality to a certain degree. While Warren Buffett does not contain all elements of the integral leader, as defined by Pauchant (2005), his evolution as a leader has moved along the continuum of the integral method of leadership. As global competition, political agendas, and international regulation continue to present barriers to Berkshire Hathaway Inc., Warren Buffett has proven through his entrepreneurial self-disciplinary methods that leadership drives creation.

Consistent communication of his successor's values, the culture of Berkshire Hathaway Inc., and his confidence in the future present Mr. Buffett with a balancing act of serving as CEO, while making room for the next generation of leadership. As an additional recommendation, this researcher believes Warren Buffett has virtually completed the integral method of leadership, without the pure spiritual faith-based component. His attention to global concerns, outside of profits, quarterly earnings, and accounting standards has moved Mr. Buffett closer to perfecting

the effective leadership role through emotional intelligence and philanthropic efforts for the betterment of mankind.

In so far as recommending possible changes in Warren Buffett's leadership approach, his focus must shift toward operations of the organization, and toward easing stakeholder tension in his successor strategy. Unfortunately, this focus has further moved Berkshire Hathaway, Inc. from the possibility of practicing workplace spirituality for any foreseeable future. Thus, it is the conclusion, based on the analysis of the research, that having an entrepreneurial spirit alone can influence workplace spirituality (both negatively and positively). However, the inclusion of integral leadership with an emphasis on spirituality is a vital component toward positively correlating an entrepreneurial spirit with workplace spirituality.

### **Limitations**

The limitations of this study lie in the lack of information presented in the form of primary research on the topic of the conduct of spirituality within Berkshire Hathaway, Inc. Little opportunity was presented in the way of securing a more rigorous interview with a representative of Berkshire Hathaway, Inc. Thus, the research was primarily conducted utilizing qualitative research through secondary analysis. This study might apply a quantitative analysis that would help to prove theory as opposed to help build the entrepreneurial leadership theory and integral leadership theories. A further limitation lies in the use of a single-case study as opposed to a synthesis of multiple-case studies using replication strategy (Yin 1994) spread across multiple industries. The element of spirituality in the workplace, in the context of having an entrepreneurial spirit, might imply that entrepreneurs who construct newly formed organizations can solely breathe spirituality into the organization.

### **Implications for Management, Spirituality, and Religion**

The present and future implications for management to consider spirituality in the workplace, along with religion, unfold in three areas. First, while it is the intent of this research, and future research, to build upon the entrepreneurial spirit, the contributions of this study can support how leaders who have an entrepreneurial spirit within mature organizations can further their organization's spirituality movement. Second, new leaders (whether they be nascent entrepreneurs or groomed leadership) must recognize the behavioral aspects of practicing spirituality as a means of inspiring employees, followers, and fellow leaders alike through a value-system and general demeanor toward business and life. The case of Mr. Buffett operating under Institutional Imperative behavioral aspects of entrepreneurial leadership through vision, passion, goal attainment, and newfound social skills aids in support of future growth in behavioral vs. trait theories in spirituality. Third, the implications toward studies on organizational legacy building, in tandem with personal legacy building, contribute toward the practice of soulfully aligning a persona with a spiritual friendly workplace environment. The organizational profile of Berkshire Hathaway, Inc. closely resembles the standards by which Mr. Buffett operates on a personal level. Thus, empirical leadership successor studies can ensure legacy building moves toward an apotheosis methodology in conducting oneself through an entrepreneurial spirit and a kinder form of capitalism.

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