Entrepreneurial Leadership: Insights and Directions

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Leadership has been a major topic of research in psychology and management for almost a century and has spawned thousands of empirical and conceptual studies. Despite this level of effort, the various parts of this literature have yet to permeate the field of entrepreneurship and small business management. Entrepreneurs are leaders *par excellence* who identify opportunities and marshal resources from various stakeholders in order to exploit these opportunities and create value. To this end, they create visionary scenarios that are necessary for selecting and mobilizing a supporting cast of group members who enact the vision to achieve value creation.

The research base in entrepreneurial leadership has grown significantly since the early 1990s as it has become apparent that previous studies conducted in larger, more established organisations could not simply be transposed into the emerging venture and small business context. For example, start-ups and small businesses are typically owner-managed and have a flat hierarchy with direct access to the owner-managers. In this context, the opportunity to interact with the top person represents a chance to receive direct, immediate approval or affirmation from an authority figure.

At the same time, larger, established organisations have been facing increasing competition and rapid technological changes in their traditional markets. In the age of hypercompetition, the leader’s ability to adapt to emerging environmental contingencies and to implement and support change is often seen as the main source of competitive advantage. Successful entrepreneurs who operate in dynamic, changing environments have the ability of achieving efficiency and exploring new vistas.

In this overview, we understand entrepreneurial leadership as the leadership role performed in entrepreneurial ventures, rather than in the more general sense of an entrepreneurial style of leadership. Entrepreneurial ventures encompass organisations based on the identification, evaluation, and exploitation of entrepreneurial opportunities. Accordingly, entrepreneurial leadership is not specific to any type of organisation, industry, or culture, and can flourish in different settings, including for-profit and not-for-profit enterprises, and the formal and informal economy.

The focus to examine entrepreneurial leadership traditionally has been twofold, depending whether the starting point is in the entrepreneurship or leadership perspective. For some authors, there is nothing distinctive about entrepreneurial leadership. It is simply a type of leadership that occurs in a specific setting, such as emerging organisations or small, fast growing businesses. According to this view, the various issues in entrepreneurial leadership can be understood and studied with the readily available theory in the areas of leadership and interpersonal influence.

For other scholars, the world is in the midst of an entrepreneurial revolution and entrepreneurship is an integrated concept that permeates our society and individuals in an innovative manner. Entrepreneurship becomes the essence of leadership. The entrepreneurial revolution is driven by entrepreneurial leaders, that is, leaders who are able to recognize
opportunities, create a vision and mobilize key resource holders to enact the vision and create value. This new generation of entrepreneurs are innovative, understand how to deal with risk and uncertainty, and are proactive in order to sustain growth.

Trying to solve the conundrum whether the individual at the core of the entrepreneurial leadership concept is a leader leading in an entrepreneurial fashion or an entrepreneur who exhibits leadership behaviours is a rather futile and contra productive exercise as it focuses solely on the individual. Such a perspective fails to take into account the comprehensive set of behaviours, the complex interaction with other stakeholders and the context. Rather, we posit that entrepreneurial leadership exists at the intersection of entrepreneurship and leadership and can benefit from a cross-pollination of both fields.

Despite the apparent fragmentation around the concept of entrepreneurial leadership, considerable progress has been made over the past 20 years to consolidate the knowledge base and to develop a more comprehensive and stringent approach. We can distinguish two key evolutions in the field. First, there has been a shift from personal characteristics and traits to role and behaviours defined by interaction within context. Second, there has been a shift from static, descriptive or diagnostic analyses pursuing a psychological approach to a dynamic view of entrepreneurial leadership from a process perspective.

These two trends, together with an increasing number of studies tackling entrepreneurial leadership from different perspectives suggest that the field is attracting an increased interest within the academic community. However, despite the progress achieved there is some scope to develop new theoretical perspectives and use novel, rigorous empirical methods.

First, in terms of level, there is scope for more research on all units of analysis, including the individual entrepreneurial leader, the entrepreneurial leadership team and the interorganisational and dynamic interrelationships among them. This would shed some light on leadership as a collective activity based on the practices of many organizational members rather than a few leader-individuals. Second, in terms of organizational context, there is a need for further studies of entrepreneurial leadership in a wide range of entrepreneurial and SME contexts including the family business and in corporate entrepreneurship. Third, in terms of orientation, and in keeping with contemporary notions, we urge scholars to consider studies based on more processual and relational views in which temporality and contextuality are stressed and less on traditional, essentialist notions.

Original article:
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