

Entrepreneurial leadership: setting the scene for a behavioural approach.

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Research Topic

The commonalities in behavioural and attitudinal approaches of business leaders towards entrepreneurship have led to the devise of the attractive – yet not fully defined and measured – concept of entrepreneurial leadership (EL). The most recent study laying the foundations for definition and measurement of the concept have tested a scale of EL based on followers' evaluation of their leader's behaviours using two dimensions of leadership behaviour (Renko et al, 2015). **Role modelling** was defined as implementing a leading-by-example strategy to become a lived role model of entrepreneurial behaviour, while **influencing** involved using communication and active motivation to encourage employees' entrepreneurial orientation. To contribute to this research stream we have designed and implemented a multi-method study that addresses Renko et al's (2015) call for further analyses of EL behaviours to fill in knowledge gaps related to behaviour emergence and evolution.

Our study entailed a qualitative analysis of six case companies, addressing two remarkably under-researched questions: *what do entrepreneurial leaders actually do, and why do they do it?* We addressed these questions by contextually investigating behaviours, attitudes and actions, using theoretical lenses borrowed from the organizational behaviour discipline to shed light on behaviours and attitudes that define EL. Our findings were used to inform a questionnaire survey focused on the under-researched dimensions identified by Renko et al (2015). The current paper will present the new theoretical underpinnings used to (re)structure and advance the measurement tool for EL as well as the models produced from its empirical testing. We extend prior studies by presenting an improved model that takes into account a third, underestimated behavioural and attitudinal dimension of EL; **enabling**, defined as forming the appropriate strategies within the organization to facilitate entrepreneurial engagement by opening ways, pave away obstacles and endowing independence. Finally, we use the new measurement tool to reach our ultimate aim which is to deepen understanding of the mechanisms affecting EL by examining its relationship with entrepreneurial resources (financial, human & social capital) and the external environment.

Method

To achieve our research goals we designed and disseminated a leadership self-evaluation survey to 468 Scottish companies. The sample frame consisted of companies that were account managed by Scottish Enterprise (the main enterprise development agency). Initially, 92 companies (19.65%) responded. A further list of 100 companies was pulled out from the sample frame by random choice to contact by phone. Another 49 companies responded increasing responses to 141 (30.13%). Finally, 133 questionnaires were considered suitable for analysis constituting a final response rate of 28.42%.

We measure *EL* using a 26-item instrument which incorporates some key items from the initial item pool of Renko et al's (2015) empirical work while adapting a number of changes to support the specific purposes of the current study. In brief, we designed a scale to measure leaders' perceptions on their leadership (in contrast with Renko et al's (2015) study which looked into follower's perception). Our scale also examines the degree to which leadership is entrepreneurial in the sense of inspiring

followers to adopt opportunity oriented and risk-taking behaviours to achieve the leader's vision while evaluating vision communication effectiveness. Finally, it takes into consideration the three behavioural and attitudinal dimensions described above i.e. role modelling, influencing and enabling, extending Renko et al's (2015) scale which considers only the two first.

Resource deployment and in particular access to financial, human, social and symbolic capital as well as leaders' satisfaction concerning the quality/relevancy of the capital accessed in relation to the business needs for achieving their vision is measured by an original scale inspired by the work of Wiklund & Shepherd (2004). Finally, *external environment* was evaluated using the well-established environment dynamism (Miller, Friesen, 1982) and environment hostility scale (Covin, Slevin, 1989)

Survey data analysis was conducted using univariate and multivariate statistical analysis. EFA and CFA were used to investigate the construct validity of the testing instruments for *EL* and *Resource Deployment* to add a level of statistical precision and assist in subsequent regression analysis. Cronbach's alphas were used as measures of scales' reliability and hierarchical linear regression analysis was chosen as appropriate based on evident inter-correlation of independent variables.

Results

Results confirm the importance the hypothesised behavioural dimensions, i.e. role modelling, influencing and enabling. Specific leadership behaviours and attitudes that we identify in a four-factor model as crucial to accurately describing the profile of the entrepreneurial leader are innovativeness and creativity; being passionate and sharing that passion to motivate followers; being a risk taker and enabling risk taking for opportunities exploration and exploitation activities; as well as being the evangelist of the company's vision, ensuring its clear communication and connection with respective strategies.

Social and human capital deployment was found to positively affect EL. This finding shifts attention from the financial capital slack, which has been considered as the main leverage for businesses to engage in entrepreneurial activities, and brings social and human capital into the centre of discussion. However, as far as social capital is concerned, the findings maybe at an extend sample specific. Being account managed by Scottish Enterprise companies are encouraged (sometimes financially supported) to participate in developing networks of successful entrepreneurs.

As far as the external environment is concerned, dynamic environments were found to have positive effect, and hostile negative, on entrepreneurial leadership. All-embracing, the study contributes to the development of a widely suggested framework for entrepreneurship research consisting of four elements: the individual, the organisation, the environment and the process.