

# Entrepreneurial Leadership: A Methodical Critique of the Evidences and Literature

**Prachi Kapil**

Research Scholar,  
Department of Management Studies,  
Maharishi Markandeshwar University,  
Sadopur- Ambala

**Dr. Priyanka Salgotra**

Associate Professor  
Department of Management Studies  
Maharishi Markandeshwar University  
Sadopur-Ambala

## **Abstract**

The business scenario across the world has transformed in the last three decades with the sudden emergence of entrepreneurial activity. Entrepreneurs have acted as promoters of change in the world of business by exploring new opportunities and doing things which were out of the box.(Kuratko, 2007). Policy makers and governments around the world have been promoting entrepreneurship. To maintain this momentum and to produce entrepreneurial leaders, entrepreneurship education curriculum is being revamped across the world. But are they entrepreneurs or leaders or both? This study is an effort to bridge this gap and identify the intersections and overlap between the two concepts. A systematic critique of the previous studies is conducted to comprehend both the concepts, their associated theories and the various dimensions where the two notions merge to form entrepreneurial leadership.

**Keywords:** Entrepreneurship, Entrepreneurial leadership, Innovation, Leadership styles

---

## **Introduction**

### **Entrepreneurs and Entrepreneurship**

The word 'entrepreneur' emerged from French Economics and it means 'to undertake'. An entrepreneur makes things happen and in the process, initiates change (Kirby, 2004). Entrepreneurs are also defined as individuals who shift economic resources from low areas of productivity to higher areas with greater yield (Rahim et al, 2015). According to Kirby 2004, entrepreneurship is the capability to build something out of nothing. It involves initiation, doing by oneself, achievement and building an enterprise. Entrepreneurship is a vibrant and dynamic process which involves having a vision, bringing change and creating something new. There is much more to it than just creating business. It involves energy and passion to identify and implement new ideas and innovative solutions.

An entrepreneur hunts for opportunities, takes calculated risks and has the persistence to push an idea into reality (Kuratko, 2003). There is a constant controversy among conceptual thinkers whether entrepreneurship can be taught or are entrepreneurs born? Mapunda 2007, in his study has emphasized on the fact that entrepreneurship is not absolutely natural. People can be taught to be entrepreneurs by providing them suitable training and mentoring. According to Smith

and Peterson, 2006, entrepreneurs create new organizations in order to bring change and also inspire and encourage others to follow them. They bring forth the point that entrepreneurs are visionary thinkers who start new enterprises with a belief that they can change the way things happen.

### Leadership

Over the years, many researchers have studied, investigated and defined various forms of leadership. In the available evidence on the subject, many leadership theories are conceptualized and practically implemented to identify the traits of leaders. Many forms of leadership like transactional leadership, transformational leadership, charismatic leadership and servant leadership have emerged. Leadership has been identified as the most influential factor that has an impact on employees' creative and innovative behaviour (Jung et al, 2003). Leadership is the ability to influence people in such a manner that the objectives of an organization can be achieved in the most

efficient and effective way (Rawat, 2015).

Gupta et al, 2004, have studied leadership from an entrepreneurial context and identified transformational, team building and value- based leadership as the most important. The researchers emphasize that in team oriented leadership, the leader is highly participative and involved with the group. Whereas, in value based leadership, leaders form an attractive vision or mission which is ideological in nature. A transformational leader ignites self- interested behaviour in followers by touching upon the values which are deeply held inside. Leadership competencies can be divided into five dimensions, namely, personal competence, people competence, administrative competence, visionary competence and networking competence. A good leader has a well-articulated and communicated vision, problem solving skills, and people skills. She/he also has the knack of moving through a situation effortlessly to achieve desired goals (Alabi and Alabi, 2014).

### Review of Traditional Leadership Styles

**Table 1: Review of leadership styles with relevance to present study**

Author(s) of the study	Year of study	Type/Style of Leadership Studied	Relevance to present study
Naeem, Azam	2017	Autocratic, Democratic, Strategic, Transformational, Team, cross cultural, transactional, charismatic, Laissez faire, Visionary Leadership	Team leadership is the most effective leadership style
Fiaz et al	2017	Autocratic, Democratic, Laissez- Faire Leadership	Leadership style and its potential impact on employees' motivation.
Adanri, Thakkar	2016	Transactional, Transformational and Laissez - Faire Leadership	Transformational leadership predicts organizational outcome better than transactional leadership. Transformational leadership brings real change
Wahyuningdyah et al	2015	Situational Leadership	Situational leadership style to improve employees' competence and performance
Najundeswaraswamy and Swamy	2014	Transactional and Transformational leadership	Leadership style, organizational commitment and work satisfaction are interrelated
Giltinane	2013	Transactional, Transformational and Situational leadership	No leadership style is perfect; different styles in different circumstances
Mert et al	2010	Transactional and Transformational leadership	Transformational leadership has a positive impact on organizational innovation

**Transformational Leadership and Entrepreneurship**

Transformational leaders find clear ways to handle obstructions and inspire other members to do the same. They encourage change and development. Historically, transformational leaders had charismatic personalities that promoted organizational change (Basham, 2012). Transformational leaders stimulate optimistic changes amongst its followers. Factors such as personal characters of leaders, personal characters of followers and organizational factors affect transformational leadership (Rawat, 2015). According to an empirical study conducted by Jung et al, 2003, on 32 Taiwanese companies it has been found

that transformational leadership had direct, positive relationship with organizational innovation. The study infers that transformational leadership behaviour helps in creating an organizational culture where employees are encouraged to try innovative practices and procedures. Since, innovation is vital to any entrepreneurial venture, numerous studies have established a positive relationship between transformational leadership and organizational innovation (Khan et al, 2009). Transformational leaders constantly reinvent organizations for its betterment (Bakar, Mahmood, 2014) and make changes that enhance performance and organizational effectiveness (Al-Husseini, Elbeltagi, 2014).

**Table 2: Classical School of Leadership Thought vs. Transformational Leadership**

<b>Less emphasis needed on:</b>	<b>Greater Emphasis needed on:</b>
Classical School <ul style="list-style-type: none"> <li>• Planning</li> <li>• Allocating responsibility</li> <li>• Controlling and problem solving</li> <li>• Creating routine and equilibrium</li> <li>• Power retention</li> <li>• Creating compliance</li> <li>• Emphasizing contractual obligation</li> <li>• Detachment and rationality on the part of the leader</li> <li>• Reactive approach to the environment</li> </ul>	Transformational Leadership <ul style="list-style-type: none"> <li>• Vision/ Mission</li> <li>• Infusing vision</li> <li>• Motivating and inspiring</li> <li>• Creating change and innovation</li> <li>• Empowerment of others</li> <li>• Creating commitment</li> <li>• Stimulating extra effort</li> <li>• Interest in others and intuition on the part of the leader</li> <li>• Proactive approach to the environment</li> </ul>

**Adapted from the study conducted by Visser et al, 2004, “The relationship between the characteristics of transformational leader and the entrepreneur in South African SMEs”**

Transformational leadership is motivational in nature. A transformational leader communicates clear organizational vision, establishes a good rapport with the employees, understands their requirements and encourages them to recognize their potential and use it to obtain organizational objectives (Fok-Yew, 2015). Metcalfe, Metcalfe, 2001 developed a transformational leadership questionnaire and cited reviews from various studies. According to their evidences, transformational leadership is very positively

related to organizational outcome variables which include productivity, greater job satisfaction, commitment towards their work and reduced stress. In the same study, the researchers put a lot of impetus on the Multifactor Leadership Questionnaire (MLQ) designed by Bass and Avolio. According to the MLQ, transformational leadership has four components which are described below:

**Table 3: Components of transformational leadership as per MLQ (Multifactor Leadership Questionnaire by Bass and Avolio)**

<b>Components of transformational leadership</b>	<b>Description</b>
1. Idealized influence	Transformational leaders behave in ways that result in them being admired, respected and trusted, such that their followers wish to emulate them. They are extraordinarily capable, persistent, and determined

2. Inspirational motivation	Transformational leaders behave such that they motivate and inspire those around them by providing meaning, optimism and enthusiasm for a vision of a future state
3. Intellectual stimulation	Transformational leaders encourage followers to question assumptions, reframe problems, and approach old solutions in new ways, and to be creative and innovative. At times, their followers' ideas may differ from those of the leader, who may solicit or encourage such responses
4. Individualized consideration	Transformational leaders actively develop the potential of their followers by creating new opportunities for development, coaching, mentoring, and paying attention to each follower's needs and desires.

**Objectives of the study:**

1. To systematically review and understand the conceptual background of entrepreneurial leadership landscape.
2. To identify the junctures and overlaps between the concepts of entrepreneurship and leadership.

**Entrepreneurial Leadership**

Entrepreneurial Leadership is defined as an association of entrepreneurship and leadership functions which results in

production of a new product, service or overall development of the organization. The focus of entrepreneurial leadership is on problem solving, strategic decision making, having an entrepreneurial vision and taking calculated risks (Mohtar, Rahim, 2014). Hong-Da et al, 2014 conducted a study to understand the relationship between entrepreneurial leadership and innovative behaviour. They found that there existed a positive relationship between the two. Entrepreneurial leaders were open to new experiences, were self-efficient and demonstrated innovative behaviour in the organization.

**Table 4: Evolving definition of Entrepreneurship Leadership**

Cunningham and Lischeron (1991)	Entrepreneurial leadership involves setting clear goals, creating opportunities, empowering people, preserving organizational intimacy, and developing a human resource system.
Ireland, Hitt, and Sirmon (2003)	Entrepreneurial leadership entails the ability to influence others to manage resources strategically in order to emphasize both opportunity-seeking and advantage-seeking behaviors.
Gupta, MacMillan, and Surie (2004)	Leadership that creates visionary scenarios that are used to assemble and mobilize a supporting cast of participants who become committed by the vision to the discovery and exploitation of strategic value creation.
Thornberry (2006)	Leadership requires passion, vision, focus, and the ability to inspire others. Entrepreneurial leadership requires all these, plus a mindset and skill set that helps entrepreneurial leaders identify, develop, and capture new business opportunities.
Surie and Ashley (2008)	Leadership capable of sustaining innovation and adaptation in high velocity and uncertain environments.
Renko et al (2015)	Entrepreneurial leadership entails influencing and directing the performance of group members toward the achievement of organizational goals that involve recognizing and exploiting entrepreneurial opportunities.

Source: Renko et al, (2015), Understanding and Measuring Entrepreneurial Leadership Style

A plethora of research papers had been written on entrepreneurial leadership but a few of the researchers have studied the 'gendered' analysis of the concept. This added a new dimension to the entrepreneurial leadership literature. Harrison et al, 2015, have identified three themes/levels around which future research on gender analysis of entrepreneurial leadership can be intensified. These levels are: micro level, meso level and macro level. Micro level focuses on social constructivism, meso level on diversity and ethnicity studies and macro level emphasizes on global perspectives. The traditional concept of considering women entrepreneurs as less capable than their male counterparts is incorrect as well as obsolete. The complexity and multiplicity of women's entrepreneurial leadership demonstrates that it is rooted contextually (Henry et al, 2015).

### Critique of Entrepreneurial Leadership- Junctures and Overlaps

Entrepreneurship and leadership have been studied extensively by many researchers over the years. Some theories differentiate the two while some believe that they are related to each other. Eyal, Kark, 2004 elaborated the intersections and differences of the two concepts. They highlight that leadership is a more control concept and it simplifies reality, whereas entrepreneurship is a more action based concept and it generates new realities. At times leadership and entrepreneurship overlap, but leadership is symbolic whereas entrepreneurship involves time and scope of actions performed. Entrepreneurial Leadership must structure the environment. This form of leadership which involves individuals and teams, must make decisions about desired goals and accordingly invest time and resources towards it. The magnitude of risk that is

acceptable must also be taken into consideration (Lockett et al, 2013).

'Entrepreneurial leadership' term was designed after realizing that change in traditional forms of leadership was necessary. Entrepreneurial leaders play a vital role in the success of a new entrepreneurial venture (Yang, 2008). Entrepreneurial leadership is emerging as a global concept and the need for the same is recognized. It is important to work on the concept and advance it. There are both positive and negative sides of this form of leadership. The dynamic entrepreneur has a vision, brings change and creates something new. But there is a darker side to it. Entrepreneurship comes with a set of risks which includes financial risk, career risk, family and social risk and psychic risk. The entrepreneur may also have an overstated egowhich may result in dysfunctional behaviour (Kuratko, 2007).

Roomi and Harrison, 2007 studied extensive evidence on entrepreneurial leadership. They comprehend from the evidence that vision, influence, innovation and planning are the four areas which are pertinent to both the concepts. The literature in their study also suggests that problem solving, decision making, risk taking and strategic thinking are common characteristics of leaders and entrepreneurs. As far as the intersection and overlap of the two concepts is concerned, entrepreneurship is considered a young and new concept in comparison to leadership. Leadership is considered a mature concept and entrepreneurship research can be enriched by studying leadership literature. Vision, influence, innovation and planning are the four contextual overlaps between leadership and entrepreneurship (Cogliser, Brigham, 2004).

**Table 5: Factors of Entrepreneurial Leadership**

Study	Year of study	Entrepreneurial leadership factors
Jawi, Izhar	2016	Innovation, vision, strategic value creation, communicative, personal, motivational factors
Mohtar, Rahim	2014	Innovation, ability to take risk, economic orientation, focussed, problem solving and decision making skills, vision
Bagheri, Pihie	2013	Entrepreneurial vision, intellectual integrity, proactiveness, innovation, risk taking ability
Hejazi et al	2012	Strategic, communicative, personal and motivational factors
Makhbul	2011	Innovation, decision making ability, ability to take risk, good communication skills
McCarthy et al	2010	Vision, decision making ability, Openness
Mapunda	2007	Participation, decision making ability, self-efficacy
Zyl, Mathur-Helm	2007	Achievement oriented, social skills, entrepreneurial orientation including proactiveness, ability to take risk and innovation

## Discussion

The research on entrepreneurship and leadership concepts have increased manifold over the last few years. Entrepreneurial leadership vision plays a very important role in entrepreneurial process of the ventures (Ruvio et al, 2010). Leaders are realistic and communicate their vision well, have good problem solving, decision making and people skills and have the knack of smoothly sailing out of every situation (Alabi, Alabi, 2014). It is important for entrepreneurial leaders to recognize opportunities, be self-efficient and innovative (Makhbul, 2011). The evidence suggests that both entrepreneurship and leadership can be studied as separate concepts, but there are some intersections, junctures and overlaps between the two. Leadership styles of entrepreneurs differ with the type of business, sector and industry. However, literature suggests that transformational leadership is significantly related to entrepreneurship as factors like innovation, charisma and vision are common to both. Entrepreneurial leadership also include strategic, communicative, personal and motivational factors which are necessary to think strategically, articulate and communicate a clear vision, preparedness to handle unforeseen circumstances and identification of competitive advantage (Hejazi et al, 2012).

## Scope for future research

This critique of the concept of entrepreneurial leadership has tried to outline the key elements, relationships and intersections between the two concepts. However, there is always a scope to enhance the research further. As of now, very little evidence is available about the relationship between demographic variables and entrepreneurial leadership capabilities. Specifically talking about gender analysis and entrepreneurship, there is still a vast divide that needs to be filled. Very few studies in the past two years have addressed the conceptual side of women entrepreneurs and their comparison with the male counterparts, but empirical evidence is still not very readily available. The relationship between entrepreneurship and other forms of leadership (apart from transactional and transformational) can also be explored.

## Conclusion

Entrepreneurial leaders exploit opportunity at the right time through their own actions and influence others also to do the same. Their creativity and innovation encourages others to experiment and learn new things (Renko et al, 2015). Entrepreneurial leaders' ability to lead has to be combined with entrepreneurial dimensional behaviours of innovation, vision and pro-activeness (Annan et al, 2013). Entrepreneurs are born or made- this debate is never

ending, but with proper training and mentoring, entrepreneurial skills can be imparted. It is high time that a major change takes place in the entrepreneurship education landscape wherein entrepreneurial leadership skills are nurtured for sustainable competitive advantage.

## References:

- Adanri, A., & Thakkar, B. (2016). Nigerian Public Administrators' Leadership Styles and Their Perceived Effectiveness. *International Journal of Academic Research in Business and Social Sciences*, 6(9), 85-92.
- Al-Husseini, S. & Elbeltagi, I. (2014). Transformational Leadership and Innovation: A Comparison Study between Iraq's Public and Private Higher Education. *Studies in Higher Education*, 1-23.
- Alabi, G. & Alabi, J. (2014). Understanding the Factors That Influence Leadership Effectiveness of Deans in Ghana. *JHEA/RESA*, 12 (1), 111-132.
- Bagheri, A. & Pihie, Z.A.L. (2013). Role of University Entrepreneurship Programs in Developing Students' Entrepreneurial Leadership Competencies: Perspectives from Malaysian Undergraduate Students. *Journal of Education for Business*, 88, 51-61.
- Bakar, M.S. & Mahmood, R. (2014). Linking Transformational Leadership and Corporate Entrepreneurship to Performance in the Public Higher Education Institutes in Malaysia. *Advances in Management and Applied Economics*, 4, (3), 109-122.
- Basham, L.M. (2012). Transformational and Transactional Leaders in Higher Education. *SAM Advanced Management Journal*, Spring Edition, 1-23.
- Cogliser, C.C. & Brigham, K.H. (2004). The Intersection of Leadership and Entrepreneurship: Mutual Lessons to be Learned. *The Leadership Quarterly*, 15, 771-799.
- El-Annan, S. H. (2013). Innovation, Proactive and Vision are Three Integrated Dimensions between Leadership and Entrepreneurship. *European Journal of Business and Social Sciences*, 1 (12), 148-163.
- Eyal, O. & Kark, R. (2004). How do Transformational Leaders Transform Organizations? A Study of the Relationships between Leadership and Entrepreneurship. *Leadership and Policy in Schools*, 3 (3), 211-235.

- Fiaz, M., Su, Q., Ikram, A. & Saqib, A. (2017). Leadership Styles and Employees' Motivation: Perspective from an Emerging Economy. *The Journal of Developing Areas*, 51 (4), 143-156.
- Fok-Yew, O. (2015). The Relationship between Transformational Leadership and Followers' Work Characteristics and Task Performance. *International Journal of Academic Research in Business and Social Sciences*, 5(6), 366-377.
- Giltinane, C.L. (2013). Leadership Styles and Theories. *Nursing Standard*, 27, (41), 35-39.
- Gupta, V., Macmillan, I.C. & Surie, G. (2004). Entrepreneurial Leadership: Developing and Measuring a Cross-Cultural Construct. *Journal of Business Venturing*, 19, 241-260.
- Harrison, R., Leitch, C. & Mcadam, M. (2015). Breaking Glass: Towards a Gendered Analysis of Entrepreneurial Leadership. *Journal of Small Business Management*, 53, (3), 693-713.
- Hejazi, S.A.M., Maleki, M.M. & Naeiji, M.J. (2012). Designing a scale for measuring Entrepreneurial Leadership in SMEs. *International Proceedings of Economics Development and Research*, 28.
- Henry, C., Foss, L., Fayolle, A., Walker, E. & Duffy, S. (2015). Entrepreneurial Leadership and Gender: Exploring Theory and Practice in Global Contexts, *Journal of Small Business Management*, 53 (3), 581-586.
- Hong-Da, L., Vivian, C.C.H., Chin-Jein, H. & Wu-Chen, F. (2014). Relationship between Entrepreneurial Leadership and Innovative Behaviour: The Mediating Effect of Entrepreneurial Self Efficacy and the Moderating Effect of Openness to Experience and Extraversion. *Informational Technology Journal*, 13(6), 1035-1044.
- Jawi, A.I.M. & Izhar, T.A.T. (2016) Recent Development on Entrepreneurial Leadership Capabilities and Innovativeness in Academic Libraries: A Review and Directions for Future Research. *International Journal of Academic Research in Business and Social Sciences*, 6 (1), 40-53.
- Jung, D.I., Chow, C. & Wu, A. (2003). The Role of Transformational Leadership in Enhancing Organizational Innovation: Hypothesis and Some Preliminary Findings. *The Leadership Quarterly*, 14, 525-544.
- Khan, R., Rehman, A.U. & Fatima, A. (2009). Transformational Leadership and Organizational Innovation: Moderated by Organizational Size. *African Journal of Business Management*, 3(11), 678-684.
- Kirby, D.A. (2004). Entrepreneurship Education: Can Business Schools meet the Challenge?. *Education + Training*, 46 (8/9), 510-519.
- Kuratko, D.F. (2007). Entrepreneurial Leadership in the 21st Century. *Journal of Leadership and Organizational Studies*, 13 (4), 1-11.
- Kuratko, D.F. (2003). Entrepreneurship Education: Emerging Trends and Challenges for the 21st Century. *Coleman Foundation White Paper Series for the U.S. Association of Small Business and Entrepreneurship*.
- Lockett, A., Hayton, J., Ucbasaran, D., Mole, K. & Hodgkinson, G.P. (2013). Entrepreneurial leadership, Capabilities and Growth: A review of existing evidence. *Enterprise Research Centre, White Paper*, 2.
- Makhbul, Z.M. (2011). Entrepreneurial Success: An Exploratory study among entrepreneurs. *International Journal of Business and Management*, 6 (1), 116-125.
- Mapunda, G. (2007). Entrepreneurial Leadership and Indigenous Enterprise Development. *Journal of Asia Entrepreneurship and Sustainability*, 3, (3).
- McCarthy, D.J., Puffer, S. M. & Darda, S.V. (2010). Convergence in Entrepreneurial Leadership Style: Evidence from Russia. *California Management Review*, 52 (4), 48-72.
- Mert, I.S., Keskin, N. & Bas, T. (2010). Leadership style and Organizational Commitment: test of the theory in Turkish Banking Sector. *Journal of Academic Research in Economics*, 2(1), 1-19.
- Metcalfe, B.A. & Metcalfe, R.J.A. (2001). The Development of a New Transformational Leadership Questionnaire. *Journal of Occupational and Organizational Psychology*, 74, 1-27.
- Mohtar, S. & Rahim, H.L. (2014). Entrepreneurship, Entrepreneurship Leadership and Organizational Performance: A Mediation Conceptual Framework, *Australian Journal of Basic and Applied Sciences*, 8 (23), 184-190.
- Naeem, H. & Azam, M.F. (2017). Leadership Styles in the Maintenance Industry of UAE: A Focus Group Analysis. *European Scientific Journal*, 13 (7), 53-67.

- Nanjundeswaraswamy, T.S.&Swamy, D.R. (2014). Leadership Styles. *Advances in Management*, 7(2), 57-62.
- Rahim, H.L., Abidin, Z.Z., Mohtar, S. &Ramli, A. (2015). The Effect of Entrepreneurial Leadership Towards Organizational Performance, *International Academic Research Journal of Business and Technology*, 1 (2), 193-200.
- Rawat, S.R. (2015) Impact of Transformational Leadership over Employee Morale and Motivation. *Indian Journal of Science and Technology*, 8 (S6), 25-34.
- Renko, M., Tarabishy, A.E., Carsrud, A.L. & Brannback, M. (2015). Understanding and Measuring Entrepreneurial Leadership Style. *Journal of Small Business Management*, 53(1), 54-74.
- Roomi, M.A. & Harrison, P. (2011). Entrepreneurial Leadership: What is it and how should it be Taught?. *International Review of Entrepreneurship*, 9(3), 1-44.
- Ruvio, A., Rosenblatt, Z. & Hertz- Lazarowitz, R. (2014). Entrepreneurial Leadership Vision in Profit vs. For-profit Organizations. *The Leadership Quarterly*, 21, 144-158.
- Van Zyl, H.J.C. & Mathur- Helm, B. (2007). Exploring a Conceptual Model, Based on the Combined Effects of Entrepreneurial Leadership, Market Orientation and Relationship Marketing Orientation on South Africa's Small Tourism Business Performance. *South African Journal of Business Management*, 38(2), 17-24.
- Visser, D.J., DeConing, T.J. & Smit, E.V.D.M. (2005). The Relationship between the Characteristics of the Transformational Leader and the Entrepreneur in South African SMEs. *South African Journal of Business Management*, 36, (3), 51-63.
- Wahyuningdyah, T., Hadiwijoyo, D., Noermijati, and Rahayu, M. (2015). Effect of Situational Leadership Style on Competence and Employees' Performance of Cleaning Agency at South Jakarta City. *Australian Journal of Basic and Applied Sciences*, 9(31), 524-529.
- Yanh, C.W. (2008). The Relationships among Leadership Styles, Entrepreneurial Orientation and Business Performance. *Managing Global Transitions*, 6(3), 257-275.