

Influence of past experience on leaders entrepreneurial leadership and leaders influence on entrepreneurial behavior of employees

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While current businesses give much emphasis on entrepreneurial leadership the previous research gave limited results on how such leadership style can be encouraged by leaders to develop an entrepreneurial behavior in employees and how it is influenced by past experience. This study combines works on entrepreneurial leadership and past experience influence on behavior for a new theoretical framework. Qualitative interview results of leaders in diverse companies show that while most leaders do encourage their employees to be entrepreneurial in categories autonomy, proactiveness, risk-taking and innovativeness they put less emphasis on letting them create networks and being strategic. Entrepreneurial leaders have to encourage their employees to work entrepreneurial to see them being engaged in entrepreneurial behavior. At the same time not all individuals are encouraged by entrepreneurial leadership as they associate their work with more hierarchy and less autonomy and risk-taking. Therefore, leaders have to identify which employees need more entrepreneurial leadership behavior and which not to gain most out of their work and motivate them. Additionally, past experience shows an influence on leaders' behavior and leadership style regardless of the experience being positive or negative. Although, negative experience does not show a higher influence on leaders behavior it did show that it can direct the entrepreneurial behavior in a way where individuals either are discouraged to take risks if it failed before or they are more encouraged to give others autonomy and creative space if such was not given by past leaders. At the same time, if proactiveness was learned and encouraged in the past it is more potential that it will be encouraged currently as a leader.

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Keywords

Entrepreneurial behavior; Entrepreneurial leadership; past experience; entrepreneurship; leadership, positive and negative influence

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3rd IBA Bachelor Thesis Conference, July 3rd, 2013, Enschede, The Netherlands.
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1. INTRODUCTION

In recent years there was a rise in interest in entrepreneurship across scientific studies and organizations calling at a “entrepreneurial revolution” (Kuratko, 2007). It is seen as a tool to cope with the changes in environment by bringing major and innovative changes to business and market and is part of strategies of many companies (Knight, 1997; Kuratko, 2007). At the same time the concept of entrepreneurial leadership is in current interest of researchers as it shapes the idea of organization today (Leitch, McMullan, & Harrison, 2013). Entrepreneurial leadership is often seen as a link between leadership activities such as vision communication, decision making, problem solving and encouragement together with entrepreneurial activities such as risk-taking, innovation and proactiveness to foster continuous innovation as a competitive advantage (Fernald, Solomon, & Tarabishy, 2005; Kuratko, 2007). While most publications deal with defining behaviors and attributes of entrepreneurial leader (Chen, 2007; Fernald, Solomon, & Tarabishy, 2005; Gupta et al, 2004; Nicholson, 1998; Ruvio, Rosenblat & Hertz-Lazarowitz, 2010) less emphasis was made into developing a basis to identify how entrepreneurial leadership is developed and influenced by external factors such as experience and behaviors of leaders. Since entrepreneurial leadership distinguishes itself from the other types of leadership in terms of higher risk-taking, proactiveness and innovativeness (Fernald, Solomon, & Tarabishy, 2005; Gupta et al, 2004; Kuratko, 2007) identification of how these specific traits can be developed in an employee can contribute to ways to increase the entrepreneurial attitude in an organization for higher growth and performance of firm.

In work place leaders are the influential individual for their employees to communicate their ideas and foster growth (Fernald, Solomon & Tarabishy, 2000). Therefore, such influence may contribute to the development of attitudes of entrepreneurial leaders. At the same time development of behaviors is a long term process which may or may not be influenced by a range of events occurred in the past (Ajzen, 1991; Bird, 1988; Krueger, Reilly & Carsrud, 2000; Boyd & Vozikis, 1994). To look closely on the development should include the identification of past experiences of an individual which led to behave in a more entrepreneurial way.

Hence, the aim of this research is to provide insights into how do negative/positive past and current experiences in work-life in terms of risk-taking, proactiveness, autonomy, innovativeness, communication and strategic skills positively affect the development of an entrepreneurial leadership style to close the gap in current literature. To gain research results two perspectives are taken into account: actual past experience in workplace that did influenced the leader to behave in an entrepreneurial or not entrepreneurial way and the behaviors of current leaders towards their employees in terms of encouraging them and their reaction showing how leaders’ behavior influenced their development.

This research paper firstly introduces past research results in the fields of both leadership and entrepreneurship to define entrepreneurial leadership and establish a framework for specific behaviors liked to it. Afterword, it focuses on the influence of past experience on decisions and behaviors of individuals and a theoretical framework links both literature researches into one idea to be tested. To test this framework several interviews with current leaders in diverse companies provide insights into their own behavior towards employees and their past experiences contributing to them becoming leaders in a more entrepreneurial way. The results are then analyzed and

discussed on basis how such can be applied in other situations. It finishes with providing practical implications for current managers to be used on how to influence their employees to develop an entrepreneurial leadership.

2. LITERATURE REVIEW

2.1 Entrepreneurial Leadership

2.1.1 *Entrepreneurship and Leadership Definition and Behaviors*

Before even looking at entrepreneurial leadership as a new concept both terms of leadership and entrepreneurship need to be identified stating the specific behaviors and tasks performed by individuals to be considered leaders or entrepreneurs. Miller (1983) introduced in his study on entrepreneurship a definition for entrepreneurial firms incorporating specific traits which can be linked to entrepreneurial leaders. It states the companies that are considered to have an entrepreneurial character take risky opportunities (risk-taking), try to be first in the market for new products (proactiveness) and to be innovative in such product market (innovativeness). Based in his idea Lumpkin and Dess (1996) extended the three dimensions of entrepreneurship into five dimensions of entrepreneurial orientation (EO). EO is defined as the way entrepreneurship is done including the processes, tasks and decisions by finding new opportunities to build a new entity, products, and ventures, to gain new knowledge and capabilities by creating a learning organization to diversify and to innovate (Knight, 1997; Lee & Peterson, 2001; Lumpkin & Dess, 1996; Real, Roldán & Leal, 2014). Such companies are than more able to deal with the changing environment and to growth by building new networks/relationships and competencies (Real, Roldán & Leal, 2014). At the same time EO positively affects firms’ performance, especially if companies are being proactive (Avlonitis & Salavou, 2007; Wiklund & Shepherd, 2003). Lumpkin and Dess (1996) not only introduced the term of entrepreneurial orientation they also included two dimension next to the one by Miller (1983). Those dimensions of EO are:

Autonomy: Autonomy is the central, driving part of EO as it is an independent act of a person or team to implement an idea or vision (Lee & Peterson, 2001; Lumpkin & Dess, 1996). An important aspect for a autonomy is the freedom to be able to make decision contributing to the implementation and a supportive organizational structure (Lumpkin & Dess, 1996).

Innovativeness: Innovativeness incorporates activities of firm or individual in a creative process to experiment and create new or improved products/services/processes/ideas (Knight, 1997; Lee & Peterson, 2001; Lumpkin & Dess, 1996).

Risk-taking: Risk-taking is an act to take opportunities with higher degree of uncertainty and risk of success and failure in the field of finance and product innovation (Lee & Peterson, 2001; Lumpkin & Dess, 1996; Miller and Friesen, 1978). Although it is associated with higher uncertainty higher risk-taking can contribute to a higher reward (Kuratko, 2007). Therefore, risk-taking is an important part in the innovation process (March & Shapira, 1987).

Proactiveness: Proactiveness can be defined as the way a firm or individual deals with events in market and changes in environment by identifying and taking opportunities to cope with current and future needs (Lumpkin & Dess, 1996; Real,

Roldán & Leal, 2014). It is a way to react to problems in the market to be the first to give solutions (Knight, 1997; Lumpkin & Dess, 2001). While risk-taking and innovativeness are concerned with the creation of a new idea and product/ process, proactiveness and autonomy deal with the implementation of such idea and product/process (Lee & Peterson, 2001).

Competitive aggressiveness: The last dimension of competitive aggressiveness deals with how firm aggressively responds to events and market situations created by their competitors to keep or improve their current market position (Lumpkin & Dess, 1996; Lumpkin & Dess, 2001).

While EO dimensions refer to activities taken by an entrepreneurial company the ideas of risk-taking, innovativeness and proactiveness were later taken to describe the traits of entrepreneurship in general and of an individual entrepreneur. Some even see entrepreneurship more of an individual characteristic than of a firm (Fernald, Solomon & Tarabishy, 2000; Kuratko, 2007). Therefore, behaviors associated of an entrepreneurial firm are more associated with the behaviors of individuals. Such behaviors are taking risks, being creative/innovative, independent, goal-oriented and identifying opportunities (Fernald, Solomon & Tarabishy, 2000). All of them can be found in the previously introduced dimensions of entrepreneurial firms: risk-taking, innovativeness and proactiveness. Hence, they can be used to describe an entrepreneur on an individual level. Those three dimensions of entrepreneurship are considered to be integrative meaning they can be combined in an individual and balanced way while all should be presented to be considered an entrepreneur (Gupta, MacMillan & Surie, 2004; Kuratko, 2007). Such individual combination of levels of the three dimensions is the degree to which one can describe an entrepreneur (Kuratko, 2007). Gupta, MacMillan and Surie (2004) combined past research into the four conditions necessary for entrepreneurship to take place: communication between individuals of a vision, supportive systems to create innovations and to generate ideas, supportive systems to gain and to allocate resources and a culture to support autonomy and creativity. Hence, not only the individual need to have the traits of being innovative, risk prone and proactive the environments he works in should also be able to support such in best possible way for the entrepreneur to develop and exercise such traits. While entrepreneurship can contribute to firms' success on an individual level it can also bring problems like risk of losing job, social risk, stress and becoming egoistic (Kuratko, 2007).

Therefore, it can be said that all dimensions of EO can be used to describe an entrepreneur but innovativeness, risk-taking and proactiveness coped with autonomy are more dominant on an individual level. However, a supportive company structure and processes are needed for the company to support entrepreneurial ideas and activities (Gupta, MacMillan & Surie, 2004).

Looking at the leadership perspectives leaders have a specific set of characteristics and attributes. On an individual level traits of leaders are having confidence, the will to be a leader and to motivate others, and the right influence on other employees in the company, being honest and rational with a good understanding of the environment and management (Fernald, Solomon & Tarabishy, 2000). However, development of leadership is considered on a more collective level in a social network (Day & Harrison, 2007; Leitch, McMullan & Harrison, 2013). Therefore, for leadership to be developed supportive social and firm structures are needed to contribute to

interactions and relationship development between individuals. Hence, both concepts of leadership and entrepreneurship have an individual perspective describing specific tasks of individuals and incorporate the idea of having a supporting culture and structure to be able to perform such tasks.

2.1.2 Entrepreneurial Leadership

Several researches were made to identify specifically the traits and behaviors of entrepreneurial leaders which often combine the traits of leaders and entrepreneurs (Chen, 2007; Fernald, Solomon & Tarabishy, 2000; Gupta, MacMillan & Surie, 2004; Stuart, 1987; Swiercz & Lydon, 2002; Vecchio, 2003). To gather the overall picture of behaviors of entrepreneurial leader each study is presented individually and similarities are than grouped under new set of behaviors/traits. Several findings from the previous section are found in the later studies of entrepreneurial leadership. Stuart (1987) identified entrepreneurs on a leadership level as being tolerant of uncertainty, having communication and relationship building skills, being encouraging, creative, independent and flexible. All those ideas were presented in risk-taking, innovativeness, proactiveness and autonomy skills of entrepreneurs of the EO dimensions (Lee & Peterson, 2001; Lumpkin & Dess, 1996; Miller, 1983) coped with communication and motivation skills of leaders. Nicholson (1998) tested entrepreneurial leader characteristics against those of normal managers and general public. His results state that entrepreneurial leaders are more confident, competitive, thoughtful and less vulnerable and react less to stress whereas competitive traits is linked to the competitive aggressiveness dimension of EO (Lumpkin & Dess, 1996; Lumpkin & Dess, 2001). Those findings partly support the results of other researchers as entrepreneurial leaders appear to be unsocial compared to other leaders. However, Nicholson (1998) himself states that those findings are linked to internal cultures and change through time.

Fernald, Solomon and Tarabishy (2000) identified the differences in characteristics of entrepreneurs and leaders while providing a definition of behaviors of entrepreneurial leaders. Based on their results entrepreneurs are more linked to actions of risk-taking, creativity and being goal-oriented while leaders are more the motivators, communicators and have human abilities of being patient, honest and visionary. Together they build an overall picture of entrepreneurial leader characteristics similar to the findings of Stuart (1987):

Risk-taking: Successful entrepreneurial leader must take the risks provided by the opportunity after identifying them and weighting them against several factors to decrease uncertainty.

Vision and Goal setting: Entrepreneurial leaders should be able to create a vision for the company to pursue opportunities and set specific goals to be able to identify and gain needed resources and capabilities, give direction of actions and create ability to deal with uncertainty.

Solve problems: Entrepreneurial leaders should be able to solve the encountered problems in company and in pursuing the opportunity.

Decision-making abilities: Entrepreneurial leaders should be able to take responsibility and to take decisions contributing to the goal and the time needed.

Negotiations: Entrepreneurial leaders need to negotiate between several parties in the process of pursuing the opportunity by communicating with them and building relationships (Fernald, Solomon & Tarabishy, 2000).

Same findings can be found in the study of Gupta, MacMillan and Surie (2004) as their identified characteristics compared with three traditional leadership theories of transformational,

team-building, and value-based leadership. Their findings confirm the other researcher as entrepreneurial leaders are found to have a good vision to motivate and direct other, establish goals, are proactive to deal with events in changing environment, create and identify opportunities and have network skills (Gupta, MacMillan & Surie, 2004). Additionally to that, leaders are also positive and inspirational, performance-oriented and informed, team builder and confident. Swiercz and Lydon (2002) put those characteristics of a entrepreneurial leader under self-competencies while a second set of functional competencies includes subsets of operations (develop, implement and evaluate ideas, translating vision into operational tasks), finance (making financial decisions about gaining and management of resources), marketing (decisions about customer research, need determination and feedback) and HR (evaluating and rewarding employees) (Swiercz & Lydon, 2002). Those functional competencies can be combined into decision-making, vision stating and evaluation activities.

Vecchio (2003) puts several ideas of functional competencies similar to Swiercz and Lydon (2002) as actions of entrepreneurial leaders rather than competencies while identifying his Big Five factors of risk-taking propensity, locus of control, self-efficacy (belief in ability to reach goal), need for autonomy and achievement as psychological factors in a social environment. Again, his findings can be grouped similarly with the previous ones in terms of risk-taking, autonomy, proactiveness and goal achievement. Finally, Chen (2007) combined the findings of past research where entrepreneurial leaders deal with uncertainty, being creative, innovative, visionary, flexible, having negotiation skills and relationship building skills, being independent and proactive into the previously introduced three combined dimensions of proactiveness (encourage to be independent and provide needed support), risk-taking (take responsibility and deal with uncertainty) and innovativeness (motivate, being creative and influence others). As the main finding of his study Chen (2007) suggests that entrepreneurial leaders do have a considerable influence on others in a team to be more creative and the more of the three dimensions are prominent in the leader the higher is the influence.

Each study mentions detailed description of how entrepreneurial leaders can be described. However, there are some similarities and patterns visible between the findings. The most mentioned traits are risk-taking, innovativeness, proactiveness (Chen, 2007; Fernald, Solomon & Tarabishy, 2000; Stuart, 1987; Vecchio, 2003) and autonomy (Stuart, 1987; Vecchio, 2003) similar to the EO dimensions. The factor competitive aggressiveness found only support by Nicholson (1998) in the entrepreneurial leadership study and therefore, it can be excluded as a research factor in this study as others gained more support. Additionally, there are several leadership traits which can be found in the studies of entrepreneurial leadership like communication, decision-making, problem-solving, visionary and negotiating (Fernald, Solomon & Tarabishy, 2000; Gupta, MacMillan & Surie, 2004; Stuart, 1987). Those can be grouped together under networking skills and strategic skills.

To summarize the findings on entrepreneurship, leadership and entrepreneurial leadership, the behaviors and characteristics of entrepreneurial leader can be identified in five ways:

Risk-taking: Being able to take risks to pursue an opportunity with uncertain outcome

Innovativeness: Being able to be creative to find ideas to pursue an opportunity

Proactiveness: Being able to take responsibility to be the first in the market to pursue the opportunity, identify problems and solve them adequately and to make decisions in the right direction and right time.

Autonomy: Being able to work independently

Networking: Being able to create communication and relationships between individuals and negotiate between them.

Strategic skills: Being able to create a leading and inspiring vision, communicate it and create goals to pursue it.

Those traits and behaviors make up entrepreneurial leadership in this study to be analyzed in the qualitative research together with the variable past experience on their influence on individuals in encouraging them to behave and lead in such entrepreneurial way.

2.2 Past Experience Influence on Intentions and Behavior of Individuals

While several researchers focused on identifying what influences the behavior of individuals past experience as a variable was only an indirect variable in their research and model determination (Ajzen, 1991; Bird, 1988; Krueger, Reilly & Carsrud, 2000). In those studies intention, self-efficacy and perceived behavioral control are factors influenced by past experience and influence behavior. Therefore, less emphasis was done on identifying to what extent past experience influences the behavior of individuals directly. Identifying those three factors gives better insight how past experience influences behavior.

Introducing his model of influences on human intentionality Bird (1988) identified intention as how a human seen his potential behavior in the lights of his experience and attention. Therefore, the strength of the intentions is positively related to the possibility of acting out the behavior (Ajzen, 1991). Such intention is set to be influenced by two factors: contextual (external influence of politics, economy and social environment) and personal (internal influence of *past experience*, personality and capabilities of individual). In short the model states that these factors including past experience influence the way of thinking which influences the intentions resulting in a behavior/action. Personal experience is therefore a factor affecting the behavior of an individual according to Bird (1988). Additionally, Krueger, Reilly and Carsrud (2000) state that contextual and personal factors have affect the attitude which directly influences intentions and behavior. As attitude is formed by past experience it may have an effect on behavior.

Later on self-efficacy became a factor linked to intended behavior (Lent & Hackett, 1987; Wood & Bandura, 1989). Self-efficacy is defined as the extent to which an individual beliefs in his strengths to reach a certain goal to be able to act upon it (Boyd & Vozikis, 1994; Lent & Hackett, 1987; Wood & Bandura, 1989). Experience has a strong influence on the self-efficacy and its development (Lent & Hackett, 1987; Wood & Bandura, 1989; Zhao, Seibert & Hills, 2005). It will determine the course of peoples' intentions and therefore the behavior (Wood & Bandura, 1989; Zhao, Seibert & Hills, 2005). Hence, past success positively influences self-efficacy but to certain extent as it makes people more vulnerable to small failures resulting in decrease of self-efficacy (Wood & Bandura, 1989). Constant failures have the same effect in decreasing self-efficacy. Therefore, positive experience is stated to positively influence behavior through self-efficacy while negative has an inverse effect.

Afterward Ajzen (1991) identified a new factor closely linked to the idea of self-efficacy and intention named perceived

behavioral control. Perceived behavioral control is defined as how an individual sees the obstacles and comfort in behaving in an intended way (Ajzen, 1991). It is therefore developed through several experiences making up the beliefs towards the behavior and has a direct influence on intentions and behavior. Hence, the better the experience with positive and negative aspects in performing the intended behavior the more likely the intended behavior will be performed. Additionally, Ajzen (1991) states that next to the personal experience, experience of the close, influential people will influence the direction of the intention.

Following this idea Boyd and Vozikis (1994) combined the idea of planned behavior of Ajzen (1991), Birds' (1988) model of intention with the idea of self-efficacy to create an overall picture. There one can see that the two contextual and personal (including experience) factors influence attitude, self-efficacy and intentions influencing behavior in the end. Hence, the model combines all ideas on the influence of past experience on several factors like perceived behavioral control, attitudes and self-efficacy into one model.

All the selected studies identified past experience as being a direct factor influencing self-efficacy, intentions and perceived behavioral control while those three influence the behavior. None of those made a closer link between past experience and behavior as other factors appear to be influential next to the past experience. Nevertheless, past experience is recognized having an effect on behavior of individuals which will be the focus of this study. At the same time it is visible that both positive and negative experiences have an effect of behavior if it is strong enough. Although no link has been made if negative or positive behavior is more influential than the other it indicates that both will have a significant effect on the behavior of leaders as they form their beliefs and attitudes.

2.3 Theoretical Construct and Propositions

Based on the previous elaborated research results and theories a theoretical framework can be constructed. On the basis there is the entrepreneurial leadership behavior categorized in six different fields: risk-taking, innovativeness, autonomy, proactiveness, networking and strategic behavior. Each category describes specific behaviors of entrepreneurial leaders that influence the employees to behave in an entrepreneurial way.

Proposition 1: Showing entrepreneurial leadership behavior as a leader encourages employees to behave in an entrepreneurial way.

Proposition 2: Allowing employees to behave in an entrepreneurial way encourages an employee to behave in such way.

At the same time as identified past experience has an important influence on people's beliefs, intention and therefore behavior. Therefore, one can say that past behavior does influence either entrepreneurial or non-entrepreneurial current behavior of an employees or manager.

Proposition 3: Past experience at work positively or negatively influences the development and encouragement of entrepreneurial leadership behavior.

All in all people are influenced by their past experience, leading them to behave in a certain entrepreneurial way which influences how they as leaders influence others to encourage risk-taking, innovativeness, proactiveness, autonomy, networking and strategic skills (see Appendix Figure 1).

As mentioned in the literature review it was not clear if positive has a bigger effect than negative experience or vice-versa another aim of this study will be identifying such effect.

Proposition 4: Positive experience has a bigger effect on leaders' behavior in entrepreneurial way than negative experience.

Proposition 5: Negative experience has a bigger effect on leaders' behavior in an entrepreneurial way than positive experience.

Additionally, as identified by Avlonitis and Salavou (2007) and Wiklund and Shepherd (2003) entrepreneurial leadership might have a positive influence on firms' performance. Since the performance of the company is also influenced by several external and internal factors rather than entrepreneurship and leadership style it cannot be directly benchmarked to what extend such influence is measured. Therefore, the effect is seen more as a perceived one by the leaders.

Proposition 6: Entrepreneurial leadership has a perceived positive effect on the performance of the firm.

3. METHODOLOGY

3.1 Sample Size

To test the propositions based on the theoretical framework interviews were conducted with managers in diverse companies on their behavior towards employees and their past experience. The sample for data collection was chosen to be diverse in industry, companies, experience in leadership position and management fields of interviewee. The managers, as the unit of analysis, have at least one year experience in the leadership position and at least three direct reports. The sample size was 25 with 88% are male and 12% female with managers from Germany (62%) and Netherlands (38%). In their management position 10 out of 25 were CEO, 6 had other chief/head managerial position and 9 have other management position managing one department or team. 13 out of 25 sell consumer and business products in diverse industries (food, luxury products, software etc.) while 11 are service providers in different industry like insurance, financial service, social service and administration. One of them is in the energy industry. Age ranges from 27 to 64 with the average of 44. Twelve of them are 40 and under while nine are 50 and over.

3.2 Data Collection

Data was collected through direct interviews with managers in leadership positions and others were used from others working in the same study field under the same interview protocol in the time period of one month. For that an interview protocol was developed constructed using the critical incident technique to gain more insight into the events describing the behaviors of managers towards employees. First critical technique questions are focused on identifying behaviors and employees reactions in both entrepreneurial (*Could you mention an example in your career of when you led your employees in an entrepreneurial way?*) and non-entrepreneurial way (*Could you also give a recent example of when you did not behave in an entrepreneurial manner towards your employees and why?*). Second critical technique question is focused on identifying events in the past which influenced the leader to behave in a more entrepreneurial way (*How has your past experience influenced you in leading your employees in an entrepreneurial way like in past workplace?*). Other short answer questions are used to evaluate the frequency of entrepreneurial behavior (*How often do you lead your employees in an entrepreneurial way?*), its perceived usefulness and when it is not useful (*In which circumstances do lead your employees in an*

entrepreneurial way, when do you think it is most useful?; In which circumstances do you think it is not useful?); its perceived influence on firms' performance (What is in your opinion the effect of leading your employees in an entrepreneurial way on economic performance of the firm?) and perceived influence on employees commitment (What is in your opinion the effect of leading your employees in an entrepreneurial way on employee commitment?).

To gather the sample the companies were directly contacted through phone calls or mails. The interviews were done face-to-face, by phone calls or through video conference with the majority being done face-to-face. Every respondent was asked the same set of questions to exclude any differences in results. Questions using critical incident technique are semi-structured leaving the interviewee more freedom to deliver his/her answer while giving the possibility of identifying unintended and surprising results. The other questions were more structured and therefore, delivered short answers in a closed direction. For each interview notes were made by hand. Those were later used to analyze and structure.

3.3 Measurement

The recorded interview answers were collected and grouped in the categories based on their topic of question. The questions were then analyzed in several ways. Firstly answers were analyzed in each topic group to see similarities and difference in frequency, perceived usefulness, and influence on employees and on firms' performance.

Frequency: How often a leader behaves in an entrepreneurial way in front of their employees.

Perceived usefulness: Situations in which entrepreneurial behavior is seen as useful

Perceived non-usefulness: Situations in which entrepreneurial behavior is seen as non-useful.

Perceived influence on employees' commitment: How the leader sees his entrepreneurial leadership style effects the commitment of employees

Perceived influence on firms' performance: How the leader evaluates the influence of his entrepreneurial leadership behavior on the performance of the firm.

Afterwards, patterns were analyzed looking at several categories to identify the relationships between past experience and current entrepreneurial behavior to lead their employees in an entrepreneurial way. Closely linked to that the behaviors of leaders were analyzed by identifying where each behavior belongs in the theoretical behavior group identified in the literature review. Some answers included more than one type of behavior which was taken into consideration as individual. In this way a diverse set of behaviors was collected identifying the entrepreneurial leadership level of each unit of analysis.

Entrepreneurial leadership behavior can be measured as behaviors of leaders which contributed to the entrepreneurial leadership behavior of employees in the categories:

Risk-taking: Allowing employees to take more risky actions while taking risky actions himself or not.

Innovativeness: Encouraging creativity, out-of-box thinking.

Proactiveness: Allowing employees to take initiative to pursue a goal, solve problems and to make own decisions.

Autonomy: Giving employees space to work independently.

Networking: Influencing employees to build relationships in the company and foster communication in teams.

Strategic: Allowing people to create their vision in a project to pursue.

Some interviewee delivered several ideas in several categories not only of those mentioned above. Those will be treated independently in some cases to describe the whole picture of ideas stated by interviewee.

To identify the behavior of current leaders from the interviews each entrepreneurial leadership category is identified with words coded to fit the category (Table 1). If any of these words or phrases with similar meaning to the category is mentioned during the interview it is then put under each category (see Appendix Table 2). Each interview can contain several categories. The amount of times a category is mentioned is then summarized to give a pattern and to give insights what is the major entrepreneurial leadership behavior and what is more associated with entrepreneurial leadership.

Table 1 Coding of entrepreneurial behavior

Category	Key words/codes
Risk-taking	Risk, not being afraid to pursue own ideas
Proactiveness	Problem-solving, decision-making, ownership
Autonomy	Independence, freedom, responsibility
Innovativeness	Creativity, innovative, new, idea
Networking	Communicating
Strategic	Vision

For past experience analysis the results from the interviews are analyzed by putting them into similar groups and looking at each response individually to gain most knowledge of the variable influence.

Past experience: Events and situations from the prior working and/or personal life which the individual lived through.

For that one can see similarities of past experience, if it was positive or negative, and individual results give more ideas on how they differ. The effect of either positive or negative experience on behavior is measured on the amount of times positive or negative experience was mentioned by the leaders in the interview. As the stated past experience situation of leaders is the one which was most influential to them seeing the amount of how many were positive and how many negative shows which one of them is more influential.

Positive experience: Pleasant experience of an individual during this prior work or personal life which was seeing as being supportive towards entrepreneurial working way.

Negative experience: Unpleasant experience of an individual during this prior work or personal life which was seeing as being unsupportive towards entrepreneurial working way.

4. RESULTS

4.1 Influence of Entrepreneurial Leaders on Employees

4.1.1 Behaving in Entrepreneurial Way

4.1.1.1 Encouraging and Behaving in Entrepreneurial Way

Looking at results from Table 2 (see Appendix) one can see that *autonomy* and *innovativeness* are most common behaviors associated with entrepreneurial leadership and encouraged by leaders to be performed by employees. Only the half amount of that make *risk-taking* and *proactiveness* while *networking* and

strategic are mostly performed by leaders themselves (noted by cursive writing in the Table 2) and not being too encouraged for employees to perform. Analyzing each independently autonomy was usually provided by giving freedom, independence and responsibility to employees in events like project planning, restructuring and daily. Unlike others autonomy was the only behavior encouraged by leaders which was sometimes mentioned without any other entrepreneurial behavior (Nr. 2, 3, 11, 15). At the same time autonomy was mostly mentioned together with innovativeness rather than with risk-taking or proactiveness (Nr. 1, 5, 8, 12, 14, 17, 24). Hence, both autonomy and innovativeness are associated together as important in project work, big restructuring or even in daily life. Comparing them to risk-taking, encouraging employees to take risks themselves is mostly used in project works and not daily or during bigger restructuring. The same can be said for proactiveness except one example (Nr. 16).

In three cases leaders behaved themselves in entrepreneurial way in terms of networking as they communicate with their employees (Nr. 9, 10, 19, 20). However, those were not mentioned with others and only showed that leaders see such to be entrepreneurial without seeing to encourage their employees to behave in a similar way. Additionally, every time communication was important for leaders it was either in specific situations like overbooking of a hotel or restructuring or in educating them in meetings. Therefore, while all entrepreneurial behaviors are presented in business situations either daily or not there is a tendency to let encourage employees to be innovative and independent (autonomy) less emphasis is given to let them take risks and to make own decisions and solve problems (proactiveness). Especially letting them do own communication with stakeholders and creating own visions is encouraged but mostly performed only by leaders. In more serious situations during a crisis it looks like entrepreneurial leadership is less encouraged and leaders try to take more responsibility onto themselves. Only in one example of restructuring entrepreneurial behavior of employees was encouraged in terms of autonomy and innovativeness (Nr. 17).

In several cases employees react positively and behave in the way the leader encourage them if entrepreneurial leadership is encouraged (Nr. 1-12, 19, 21-25). Although answers did not always provided detailed description of the behavior of employees so they could be directly linked to the behavior encouraged by leaders such results do show support for *Proposition 2*. However, in many of those cases leaders state that there are some employees who cannot deal with too much entrepreneurial behavior. This pattern of answers is visible in other answers to other questions, too. As the answers were focused on encouraging employees to behave in entrepreneurial way in situations mentioned where only leaders behaved in entrepreneurial way (more or less in networking and strategic category) it could not have been identified if it did influenced employees to behave in same way. Hence, there is no real support for *Proposition 1*. Therefore, if leaders behave in entrepreneurial way without encouraging them to do such in addition employees are not encouraged themselves to behave in entrepreneurial way.

4.1.1.2 Usefulness and Frequency of Entrepreneurial Behavior

Other more structured questions of the interview deliver results what show deeper understanding of frequency of entrepreneurial leadership and its usefulness. Only five respondents state they behave in an entrepreneurial way during special and non-regular occasions. However, one interviewee in the car-sharing service additionally mentions that letting

employees work independently is highly important. Such shows that a respondent might see regularity different from others. Therefore, it might be the case that some leaders see such entrepreneurial events being more regular than other although the amount of time they behave entrepreneurial might be even. All others see entrepreneurial behavior as an important factor for their leadership and therefore, lead their employees regularly or almost always in such way. There is no clear link between industry and regularity of leading in an entrepreneurial way. In each category there are companies from consumer industry, service industry and other industries. However, it is surprising that in the administrative industry and insurance where there are several specific rules and procedure entrepreneurial behavior is stated to be regularly like those of consumer products and service industries where being innovative and autonomous is important. Linking those results to category findings companies mentioning innovativeness and autonomy as encouraged entrepreneurial behavior of employees find entrepreneurial behavior as regular in the firm while firms mostly thinking communication of leaders is entrepreneurial also see their entrepreneurial behavior as regular. Since communication matters are mostly concerning meetings and discussion these can be identified as specific situations and, therefore, more irregular than others events mentioned like projects.

Looking at situations where entrepreneurial behavior is useful there are different and sometimes contradicting views. Although, most states before behaving in such way regular many of such appear to not see it even useful in normal working life. Only a few leaders state that it is almost always useful in normal working life as the success depends on it. Those work in different industries: financial service, energy, venture capital and fashion. In fashion, energy and venture capital industry it is important for people to be independent and creative for the company to growth while it is surprising for financial service to see entrepreneurial leadership as being important in most situations. Results for entrepreneurial behavior events show a different picture. Here the companies seeing their entrepreneurial behavior useful in normal working life did mention specific situations while companies who have stated in the question before that they behave entrepreneurial on daily basis state more specific situations like product development or projects as useful situations for entrepreneurial behavior.

The majority of the leaders state more specific situations where behaving in as entrepreneurial leader is most useful rather than acting entrepreneurial on day-today basis. Three respondents specifically mention that in situation of introducing a new employee to the company working way letting him have more freedom and autonomy is the useful situation. Additionally, two respondents mention two different situations (small problems vs big problems) which are where they let their employees to be more independent. Others see that it is highly dependent on the project itself where inputs and outputs are undefined and new ideas and creativity are needed or dependent on individual as some are able to have the right skills and do want to have more autonomy than others. Additionally, situation where independent decision-making of employees is needed are also where entrepreneurial leadership is most useful. Hence, while most see entrepreneurial behavior being regular in their company the mentioned events where it is useful show more that those are irregular making the respondents all having a different view on regularity.

Although many cannot find situation where one should behave in a non-entrepreneurial way all respondents know time where entrepreneurial leadership is not useful for the business process and those reasons can be categorized in three groups: (a) crisis

and big problems are events where acting in entrepreneurial way will be counter-productive as clearer leadership is needed to guide employees without giving them too much autonomy, (b) employees are the reason for non-usefulness of entrepreneurial leadership as they might not have knowledge for taking fast decision and dealing with task or they made mistakes or individuals don't want to have much autonomy, (c) certain situation and clear rules does not need a leader and employees to act in an entrepreneurial way as things are needed to be done without much creativity and risk-taking like accounting. Most of those respondents are in the service sectors especially in the social and administrative one. Crisis as a situation where entrepreneurial behavior is limited is closely linked to the previous analysis of entrepreneurial behavior categories where only networking skills of leaders are mentioned to be considered entrepreneurial but only from leaders and not employees.

4.1.2 *Behaving in Non-entrepreneurial Way*

Most of the interviewees state that they do behave in a non-entrepreneurial way in certain situations since it is fitted more to the company processes and individuals than behaving in an entrepreneurial way. The main reasons for them are specific rules and procedures especially in financial and administrative processes which have to be met. Some of those rules are general like making a presentation while others are of higher importance like making company policies, product structures and procedures in social service and administrative sector. It is clearly linked with the answers of non-usefulness of entrepreneurial leadership in some situation where companies from the same industry did mention rules and regulations as being the main reason that entrepreneurial leadership will not be useful. In those cases being too creative and allowing too much autonomy may lead to severe mistakes and even to legal procedures. Other interviewees mention reasons like broken trust in employee, finding mistakes made in a project, if there are difficulties between employees or if time for decision-making is too short and if individuals don't want to work in an entrepreneurial way. Although most do behave in non-entrepreneurial way in specific situations, other interviewees could not mention an example as leading in an entrepreneurial way is the basis of their work and everything else will be counter-productive.

4.2 Influence of Past Experience on Leaders Behavior

Past experience has been mentioned by all respondents to have a direct impact on their leadership style (see Appendix Table 3). Every respondent emphasizes the importance of developing an individual leadership style which fits the situation and business the most. Hence, prior events did contribute to shape such leading to show the significance of *Proposition 3*. While some of the experience comes from past work as employee, other comes from work experience as leader or other sources. Two respondents mentioned sports being an influential factor for them as it incorporates the ideas of being a coach, rely on others and thinking outside the box (creativity). One respondent even mentioned military as being the influential factor. There he learned how to deal with leadership positions which include more responsibility than in usual business. But nevertheless, he stated to have learned to be more flexible with the situations and events which contributed to his current entrepreneurial leadership style. Learning from seminars or university courses has been influential for two of the respondents. They have learned the theoretical part and had to put it into practice afterwards leading them to develop the fitting leadership style for them. Looking at the interview answers one respondent even

states he learned from his experience working with other founders. This experience showed him which leadership way is more suitable than others like paying attention to more details. Hence, he learned from mistakes of others. All those experiences have been more positive than negative.

Other seven interviewees responded with their personal experience during work life not caused by behavior of others. For them it was a learning process where they learned to see the importance of communication, have trust in others who have the right skills, giving other more responsibility (give autonomy to employees), being open for more creative and new ideas of employees and taking risks. While some can be seen as a positive experience most of the answer cannot be directly linked to be either positive or negative as those were more stated in a neutral way without expressing any emotions. One of those, however, mentions that such experience led to be more careful in the way to trust people which leads to less autonomy given. Another of these respondents in the social sector indicated that the amount of entrepreneurial leadership needs to have its limit if the risk is too high. Therefore, he states that the too high risk-taking might be counter-productive in some ways. A third and fourth respondent give more neutral answers stating they had to develop strategies on how they should be as leaders like focusing more on goals rather than product development or take right decision about giving the right amount of autonomy and responsibility to the right employee. Those two responses cannot be recognized as being positive or negative. Hence, they are taken as being neutral.

All other respondents gave example from their past work there they have been influenced by other individuals. Some mention positive experience in past work life which influenced them to be more entrepreneurial. One respondent states that in his old work place young new employees brought the entrepreneurial way into the company which resulted in better working and motivation. Another told about his international experience in Japan and Silicon Valley where being entrepreneurial was the way to survive (being competitive, innovative, emphasis on consensus). A third one explains that before he had to take upon all of responsibility in the selling department where he was given more autonomy and he had to be proactive in his doings, make decisions which increases the learning factor. In the end such entrepreneurial way was more productive and led to higher success of the company.

The last six respondents indicate more negative experience with their past leaders leading them to behave in a more entrepreneurial way. In these cases their leader did either not give them any space for creativity, risk-taking, autonomy and decision-making or discouraged them to do such after a mistake was done. However, two respondents answer with a negative experience where a more loose leading style was not appropriate. One of them states he was on the same level of responsibility and task as other employees even though he was the leader and it did not work out during this situation. Hence, he had to learn that one has to take more responsibility and authority in a leadership position. The other respondent explains that during a financial crisis being more structured was what he had to learn compared to the situations before. Therefore, some negative experience did lead to decrease the development of leadership style in the entrepreneurial direction. Even though, the negative experience in the other leadership direction might seem to be contradicting to *Proposition 5* but they might have been needed to shape the individual leadership style and state the limits of entrepreneurial leadership. Additionally, from all 25 respondents three mentioned that they learned to deal with employees as individuals and therefore fit their leadership style into their working way.

Linking those results with the entrepreneurial behavior encouraged by leaders there is not clear link if positive or negative experiences encouraged more entrepreneurial behavior as in both categories leaders did mention entrepreneurial behavior in all six categories of innovativeness, autonomy, risk-taking, proactiveness, networking and strategic skills (see Appendix Table 4). Positive experience results are more linked to entrepreneurial leadership results where a combination of two or more categories is more common than for negative results. Especially risk-taking and proactiveness were mostly mentioned by people with positive experience while autonomy and innovativeness was similar in both groups. Hence, negative experience can have an influence on leader letting employees take fewer risks and not giving them too much decision-making authority while supporting innovativeness and autonomy. Looking closely at the results one of the negative respondents did had negative experience with risk and all others indicate that in the past they were given less autonomy and space for creativity which they wanted to change. However, they indicated wanting more proactiveness from their leaders but do not give such to their current employees. Therefore, if an individual did experience a negative events in taking risks before he can be more inclined to take less risks in future while if he experience discouragement for autonomy and innovativeness before he can develop more emphasis on encouraging such in their own employees. Risk-taking can be linked to trust where experiences in broken trust due to employees' mistakes can have such negative effect on the factor. Proactiveness is mostly found coming from positive experience in several events. Those respondents were influenced by sports, past work where such was encouraged and learned from others mistakes. Hence, positive experience with being proactive in the past mostly encouraged proactive behavior in the future as taking own decisions and solve problems was learned in the past. If such was not the case than the potential to encourage proactiveness in own employees is limited.

Without taking into account the neutral experiences mentioned by interviewees, nine out of 25 interviews can be identified as being positive experiences influencing current leaders to behave in an entrepreneurial way (see Appendix Table 3). However, eight out of 25 interviews were expressed negative experiences shaping their leadership style in an entrepreneurial way. Hence, it cannot be stated if positive or negative is more influential. Since there are eight answers which could not be directly identified as being positive or negative one cannot predict the direction of those experiences. Therefore, neither *Proposition 4* nor *Proposition 5* found support by the results and have to be changed or potentially rejected.

4.3 Other Relationships

Almost all respondents directly state that there is a positive outcome of entrepreneurial leadership on employees' commitment. Several reasons for that are mentioned in order of how often it was stated: higher motivation, engagement, feeling to contribute to overall success, creativity, autonomy, better risk taking, growth, internal culture and trust. Others see it being too dependent on the individual as one does want and need more an entrepreneurial leadership style while other are in need of set rules and hierarchy structure. Therefore, commitment is linked to the extent the leader works in the preferred way of the employee. Similar results are visible by asking leaders about situations of entrepreneurial leadership behavior where motivation was one of the important factors for leaders.

The perceived impact on economic performance was almost always mentioned as being positive underlining *Proposition 6*.

The majority see a direct relationship between both variables as entrepreneurial leadership contributes to higher employee motivation, creativity, independence, better decision-making, and risk-management and customer effect. Structure is seen to improve and internal culture through better identification with the vision of the firm. One respondent mentions feedback need to be right to motivate others. Another sees the link between right leadership style and internal culture to the key to better economic performance. Others see an indirect effect as other internal and external factors contribute to the overall impact on economic performance. Surprisingly, only one respondent state that it depends on the company size where in start-up entrepreneurial leadership is desired for better performance while in bigger companies is has a negative effect.

5. DISCUSSION

After seeing the results of the interview it is noticeable that only a few of the proposed Propositions could have been taken as potentially rejected or have to be changed. Although, the number of the interviews taken into account is limited to 25 as the industries were diverse in the sector they are, country and experience of leaders they can be still taken as showing first significant results. While Proposition 2 is found support by the finding Proposition 1 could not have found support. Firstly, it can be the case of the asked interview questions which have been more supportive towards finding results for Proposition 2. Secondly, the only answers found for Proposition 1 were found to be coming from respondents who did not gave any other answers on different categories of entrepreneurial behavior other than networking. Never the less, it was surprising that only a few of those saw networking (communication, relationship building) as being important for employees in terms of entrepreneurial leadership. It was the only factor supporting Proposition 1 and was the smallest factor supporting Proposition 2. Hence, innovativeness, autonomy, risk-taking and pro-activeness are factors encouraged by leaders for employees to do while networking (and strategic) are more factors used by only leaders themselves to stimulate their employees if other factors are not important or not needed in the firm.

Additionally, it was found that only if employees wanted their leaders to let them be more entrepreneurial they were more motivated to do such than those wanting a more clear structures and tasks without much autonomy and creativity. Hence, Proposition 2 should be refined to: *Allowing employees to behave in an entrepreneurial way in terms of risk-taking, innovativeness, autonomy and proactiveness encourages an employee to behave in such way if he wants to be led in an entrepreneurial way.* While a new Proposition 1 could be changed into: *Showing entrepreneurial leadership behavior in terms of networking and strategic skills as a leader does not encourage employees to behave in same way.*

In terms of past experience it is visible that its influence does not depend on its being positive or negative. Both, positive and negative, experiences were presented by leaders to have a significant influence on their leadership style. However, there were several findings that could have not been categorized in being either positive or negative and were not taken into account for Proposition 4 and 5. Those could have had a more negative or a more positive character not clearly presented by interviewee. Such could have led the results to a wrong conclusion and should be research in a more detailed interview.

In the end only Proposition 3 could have been supported by the finding while all three propositions need some changes due to results. As identified past experience can be classified as coming from experience external to work (sports, education),

coming from being influenced by leader at past work or being influenced by own development and experience at work. Hence, past experience does affect the entrepreneurial behavior of leaders regardless its origin. Proposition 3 should be refined into: *Positive and negative past experience regardless its origin (education, work) has a direct influence on behavior of entrepreneurial leader in terms of proactiveness, innovativeness, autonomy, risk-taking, strategic and networking.* As results show some indication that unexperienced autonomy and innovativeness will be encouraged more than failure in risk-taking it is important to take into account for Proposition 5. At the same time positive experience does indicate more proactiveness giving to employees coming from different events. Hence, Proposition 4 can be changed to: *Positive experience has a bigger effect on leaders' behavior in entrepreneurial way than negative experience in terms proactiveness.* And Proposition 5 should be changed into: *Negative experience has a bigger effect on leaders' behavior in an entrepreneurial way in terms of autonomy and innovativeness rather than risk-taking.* Additionally, support was found for Proposition 6 as almost all respondents see a significant effect of entrepreneurial behavior on firms' economic performance. However, these results are only based on perceptions of respondents and therefore might be bias.

Several occurrences showed that respondents have sometimes contradicting answers for different questions. As mentioned before firms only relying on their networking skills as entrepreneurial behavior see their behavior being regular or even "always" which is compared to other respondents with "regular" as an answer stated events like projects more irregular than stated. Therefore, respondents see the regularity and need for entrepreneurial behavior depending on their type of work and industry. However, to clearly state that there are not enough results provided from similar industries to compare them.

6. PRACTICAL RELEVANCE

Since this study focuses in the identification of leadership behavior in entrepreneurial way which encourage the development of entrepreneurial leadership of employees the results can be used by current and future managers to follow if entrepreneurial leadership is desired in the organization. While several behaviors are seen to be directly affecting and encouraging employees one important factor to consider in general is that leadership should be focused on individuals and not on the needs of the leader. Therefore, while some might be highly motivated by giving them more autonomy, risk-taking opportunities, proactiveness, decision-making and creativity others might be demotivated by such as they require more guidance to work efficiently. As almost all leaders mentioned situations where clear guidance is important the skills of individuals should be directly linked to the situation employees should work on. Hence, in unclear situations entrepreneurial leadership encouragement is more needed than in critical ones where employees needing of a strict structure give better results. At the same by behaving in highly non-entrepreneurial way can discourage people to work for the company as seen on the results from past experience since respondents experiencing low motivation at work due to less entrepreneurial behavior were more encouraged to leave work for another.

The study shows clearly that independently of industry entrepreneurial leadership is seen as more motivating and encouraging type of leadership contributing to better performance of employees and can directly affect economic performance. For that giving employees autonomy, letting them be creative and having the ability of decision-making and

proactiveness are the one most mentioned by leaders to be influential and used in their companies. Therefore, by following such one can create a culture with better decision-making, innovativeness and growth. The findings also show that encouraging employees to form relationships with customers or suppliers on their own and being part of creating a vision and goal for the company are now limited and should be encouraged more to fully help employees develop an entrepreneurial leadership style. Such can create even more ownership of the final results of a project for employees and motivates them more.

7. LIMITATIONS AND FUTURE RESEARCH

While this research provides insights into how current managers in leadership positions encourage their employees to develop a more entrepreneurial way of working leading to development of entrepreneurial leadership it is limited in several ways. Firstly, the time frame for the research was about 10 weeks to deliver the finished product. Data collection period was 3 weeks which might only show a limited view on the current behaviors of leaders. Additionally, since current entrepreneurial leadership research is limited it may not provide a broad view on the behaviors of entrepreneurial leaders. Hence, theoretical framework in itself should be evaluated and extended with further research in the area of entrepreneurial leadership development and past experience influence.

The sample size and diversification is limited to a rather close sample mostly taken from Germany and Netherlands with an emphasis on certain industries. Therefore, the sample itself should be extent to other industries and other countries. Future research can be extent into comparing the cultural differences in behaviors. It can be applied into comparing industries.

Future research should not only test the theoretical framework in more diverse setting but it can be extended with new variables influencing the development of entrepreneurial leadership. Such variables can be personal characteristics of individuals, influence of other individuals than company leaders/managers, culture of organization and of country. Additionally, the factors of entrepreneurial behavior can be extended into fields of ethics, social responsibility which may be more important in other industries or countries. At the same time there should be a research on the influence of negative and positive experience on a leader. Current study provides only ideas on where positive and where negative experience has the bigger influence on which behavior as entrepreneurial leader. There should be further identification. Additionally, Proposition 3 provides a statement that the influence has no regards to the origin of the experience. Such can be identified further more if experience at work will have a bigger influence that experience outside work place. As this study only focused mostly on current leaders there should be a research to find out what kind of experience influences people to not become an entrepreneurial leader by looking closely at the leader and the employees at the same time.

8. CONCLUSION

The study deals with how entrepreneurial leadership can be encouraged by influential leaders in a company and how it can be influenced by past experience both positive and negative. The aim is to close the gap in current literature as those mostly provided ideas on behaviors and traits of entrepreneurs and entrepreneurial leaderships without any identification how such behavior can be influenced and encouraged. At the same time it closes in the gap on literature regarding past experience influence on individual behavior as it shows the direct

relationship between the variables. The study focuses on several studies in both dimensions of leadership and entrepreneurship including the ones about the factor of past experience which contributes to development of intentions for a behavior. After conducting interviews with current managers in a leadership position it can be stated that there is a significant impact of leaders who encourage entrepreneurial behavior on the development of entrepreneurial leadership of employees in the fields of innovativeness and autonomy. Risk-taking and proactiveness are taken less into account while networking and strategic skills are not developed by employees at all. At the same time the identification of past experience indicates that both negative and positive experience encouraging or discouraging entrepreneurship can lead to the development of entrepreneurial leadership.

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APPENDIX

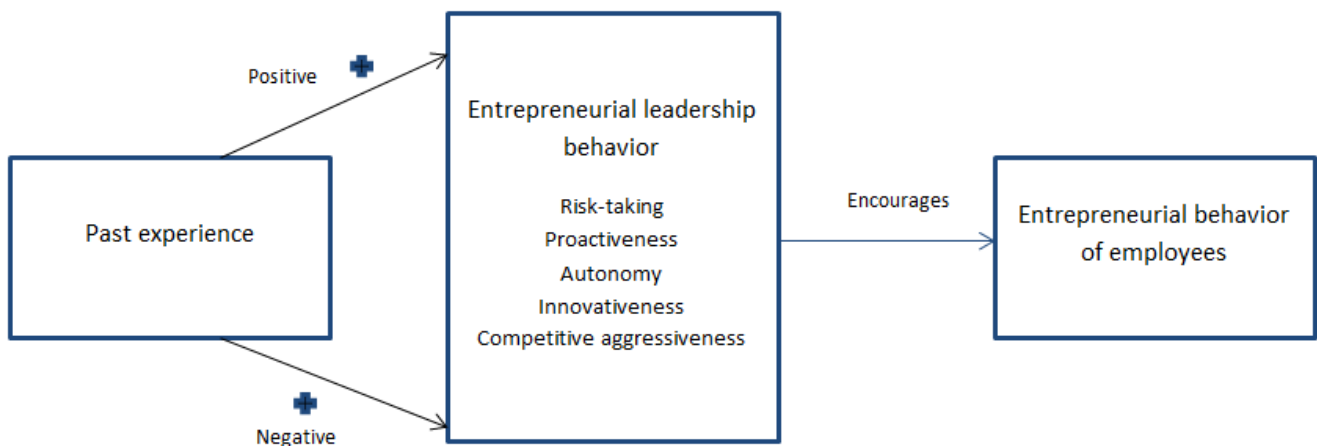


Figure 1 Model of past experience and leaders' behavior influence on employees

Table 2 Results of entrepreneurial leadership behavior

Firm	What happened?	Which demonstrated behavior	What did you said?	Why?	Employees reaction
1	Support, trust them, help them growth	Give no details, should be independent	Ask how things are and if help is needed, be creative	Ownership	Want to do their best
2	During project planning phases giving more space	Give space, flexibility			
3	Project implementation	Give space but stay in touch with employees			
5	A customer situation	Motivate them, give responsibility, encourage to be innovative	What would you do if it would be your firm, do it yourself	Give up responsibility for better decision-making and growth of staff	Some react positive and some don't like it
6	In project for analyzing environment and product	Let people brainstorm and challenge assumptions, risk-taking behavior to demonstrate one can make mistakes too	Just do it	To get better performance, should learn to do such tasks, risk-taking	More commitment, more open to risk
7	Boosting sales	Analyzing together		To find out how employees work and to show them how I would do it	Differences in employees reaction
8	Setting an communication with new partner	Develop guidelines with employees, trust them, telling guidelines can be broken, own problem-solving	Do it yourself	To motivate, foster creativity, let be independent	Willing to do it themselves and to learn from mistakes
9	Financial crisis and a testing team bringing fear	Be patient and develop trust, transparency, motivation, not to force things	We can do it together	To get the best out of the situation	Differences
10	Organizational change: employees as shareholders	Tell the story and gain responses in firstly smaller circle, seeing who has the skills and who not		To motivate, to gain faster support	Motivated as they would gain more money, but realized amount of responsibility too
11	Reorganization	Giving responsibility, give feedback		Project is faster done	Difference
12	Brand jam project, bringing people from all departments together to see how their work is important, internal	Let people contribute what they want, let them being involved and creative, have freedom	Do what you want	Authentic stories, risk-taking, some general guidelines, connects people	Share creative and personal ideas

	social media platform				
13	Restructuring due to new laws	Be open, gain commitment, explain importance	<i>Do meetings and notes to clarify goals</i>	To create awareness	Difficulty to gain support from different groups
14	Organizational restructures	Give more responsibility, idea creation, transparency			
15	Daily	Give responsibility, less risk-taking			
16	Daily	Independence, own decision-making in their orders	I let them do and be there for help if needed		
17	Implementation of a new department	New ideas were needed so employees had to be innovative and take responsibility, free in generating content and task set by leader	Help them to see that not all is on their shoulders	To give positive attitude and influence them	To eliminate fear we needed a coach
18	Daily	Have to be creative and innovative in their selling			
19	Instruction for new employee	<i>Give them general policies and how things work and them let them do their work and see them trying own things</i>		They learn faster and I can give feedback	They get used to all
20	Overbooking	<i>Showed there are some mistakes which can happen and what to do</i>	Gave them also graphical presentation		Some understood at once and some needed more guidance
21	Instructions of transportations, seminars	Give feedback and open discussion	They are able to see mistake better if you communicate with them		Positive behavior, accept challenges to learn
22	Mostly daily, especially at the start of company, everyone needs to take responsibility and risk	Give general vision and less details, let them engage more actively and motivating others		More efficient, learning process	No one wants to harm anyone in the beginning
23	All the time, finding logo	Let them be creative and find choices	Should not be afraid about own idea which resembles firm		
24	Some tasks could have been innovative		Tell them what is expected and let them do	More fun, motivation	Not right for everyone
25	Project	Create optimism and motivation to take risks and create vision			Employees encouraged to share opinion but last works have manager

Some of the interview results could not have been taken into account as those were not found in the interview transcripts.

Table 3 Results of past experience influential events

Firm	Answer
1	<i>Being a coach and athlete. I am very positive. Think about it as an athlete. Optimism comes from sports. Opinion didn't change. Has always been interested. It's important to think out of the box</i>
2	Before we were all best friends. In current business one has to know how to differ such.
3	<i>Sport was a long time ago but it shaped.</i>
4	<i>During the time as a consultant: There were younger people who just graduated and some were more intelligent than oneself. So, they didn't listen to the senior consultants but did everything on their own. They acted entrepreneurially. Fascinating! During the time as CEO: Experienced that employees have much more fun to work, are more motivated and thus work more. More Success! So over the time, one realized that leading in an entrepreneurial way is very reasonable. BUT: it depends on the 'type' of people. The leadership style must fit to the person/character.</i>

5	<i>Other techniques did not lead to good results! It changed my direction totally since Japanese are consensus-oriented. Silicon Valley is a very fast and broad environment and it is hard to survive there. But I learned to act in an entrepreneurial way there</i>
6	<i>After the respondent's apprenticeship: all employees quit their jobs. They were only two persons left. He learned to think entrepreneurially then as this was the only possibility to keep the business running and thus to keep the job. According to the respondent that was the best school to learn to think entrepreneurially. Because of that he wanted to encourage such an attitude in his employees. // During his different then positions: during that time he had lots of autonomy of decision. Everyone was allowed to make what he or she wanted within the scope of few restrictions. That made the company so successful since every employee acted entrepreneurially. People must do things on their own and learn from mistakes. One needs to give people some liberties and see what results from it.</i>
7	<i>During time as a consultant: the leadership style was entrepreneurial. So, got to know it then and liked it. // During time as CEO: It is an operating business and one realizes that in specific processes/situations an entrepreneurial leadership style either works or doesn't work. In some situations one can encourage employees to work on their own and hence act entrepreneurially, but in other situations clear instructions are necessary.</i>
8	<i>One learns from experience even if ne made mistakes and failed. It is all a learning process. Before I was more task-oriented. With time it became clearer that communication is important.</i>
9	For a change in the company one usually gets an external consultant. There I learned that they will not send the young ones, not due to lower costs but they send more competent ones. They simply do better work especially doing difficult task like firing people.
10	I learned that you cannot bear the brunt of the work alone, you need someone you trust and who is qualified, therefore I empowered and trained some employees more.
11	During my time as an employee (6-7 years) one adopts some from own leader especially one sees what not to do. I was never an employee who forced oneself in front of others but my chef only took his own point of view, never took my ideas and did it by himself. There I learned that it leads to less responsibility and creativity and one has to be more open and give employee more decision-making space.
12	If you have to take a risk in your work life it does influence you. You learn from the experience how to manage risks and make you to behave in a more entrepreneurial way.
13	Learned that transparency is important to gain employees trust and support. Notice that in organization with little job rotation or changes it is difficult to convince people that there is always a degree of flexibility at each workplace. Working with different people make me aware that entrepreneurial behavior does not depend on the age but more on the basic attitude.
14	Years ago I was more repellent towards ideas of my employees if it was against my own. Now I am more open for such and open to discussions.
15	The longer one does a job the more authority one gets. With that one can better give employees free space and one learns where the boundaries of such independency are as it becomes risky sometimes. In other parts of business boundaries are closer as there are more risks associated with.
16	I always let my employees to work independently. It also counts in to take the ideas of employees and change them into actions. I mostly try to make the tasks in a way that employees found the solution by themselves. However, I had a bad experience before with my boss. Sometimes I thought that he did not like me and I thought he would have been more like me.
17	My experience made me grow. I learned that I need to show a clear position towards my employees to make sure they accept my decisions. We had a leader before who gave allot of responsibility to other but in the end still asked for too many details. If a mistake happened one got into trouble. So one did not want to do anything on their own again.
18	I learned that I should trust my employees yet and not give them too much freedom due to several issues regarding false signature. I became more consequent with my decisions and more careful.
19	At the beginning of my career I, as the leader of a cafe, was on the same level with my colleagues. This has changed in the course of years as this attitude has not worked out.
20	I have taken part in several seminars dealing with entrepreneurial leadership and I have tried to put into practice in the hotel these experiences i got from the seminars.
21	<i>For me all drivers are equals no matter if they have been working in our form for many years or if they have just started. My attitude has changed in the course of years as i did many military services in the Bundeswehr for a long period and the tone of the voice there was very rough. During my service at the Bundeswehr i spent some time abroad, which has also had an influence on my managerial style, above all in dealing with the employees. This something i have changed over the years in my function as leader of a fleet of vehicles. In general I have become more tranquil and relaxed in dealing with the drivers. Also the firm has contributed to this positive development because the atmosphere here is very familiar.</i>
22	I studied Business at WHU and there we learned a lot about theoretical leadership, but the real deal you only learn once you are practicing it. Once you are doing it, you will notice which the style is that is consistent with your character and personal preferences. There are incremental changes in leadership from time to time, which are slow, e.g. having a day where you want to work on your own and the next you need a big meeting. On the other hand, there are experiences which will greatly influence your style and character as well. As mentioned, we have gone through one bankruptcy before. This period had the biggest influence or disrupt to my leadership style. I became more realistic in many things

	through this experience
23	<i>For this question it is important to know that I have a background at working at an Incubator before I founded “Schnuff und Co”. From this time and because I had so much experience in dealing with founders, I heard about many typical mistakes they are usually doing. I think I was able to avoid many of these typical one-time mistakes that most entrepreneurs make. One of these typical mistakes is that they want to handle too much at the same time, from hiring to product development. From what I learned, it is important to focus on managing with a hands on mentality, meaning that you are not solely a manager that delegates staff but neither a worker that executes every detail of each task</i>
24	For me personally, the most important criteria for a leader is authenticity. Which style you choose, as long as everybody feels like you are doing it with the right mindset, will work. Look at Steve Jobs, who supposedly was not the most likable person, but people still wanted to work with him. I would say I found my authenticity quite early and have not changed that much about it. Maybe a little bit more oriented on goals rather than right development process. Also, now I tell my employees to release everything as soon as possible and get feedback from customers, other than trying to get the product perfect before the release
25	The first thing you learn is how and what to prioritize. That means you learn which employees and tasks you need to give the freedom to act on their own. The workload will increase, so immensely, that I always had to make a distinction between “important” and “unimportant” as well as “have to do this myself” or “he can do it better than I can or has less to do at the moment”

The *Cursive* original results show positive perceived past events contributing to entrepreneurial behavior. The **Bold** original results are marked for negative perceived event influencing entrepreneurial behavior of current leaders. Others are seen as being neutral. Results were taken from interviews in both languages, German and English, and translated into one directly from original without disclosure.

Table 4 Linking of entrepreneurial behavior and past experience

Firm	Experience	Entrepreneurial leadership behavior encouraged/shown
1	Positive	Autonomy, innovativeness, proactiveness
2	Neutral	Autonomy
3	Positive	Autonomy
4	Positive	---
5	Positive	Autonomy, innovativeness, proactiveness, risk-taking
6	Positive	Proactiveness, risk-taking
7	Positive	Autonomy
8	Positive	Autonomy, innovativeness, proactiveness, networking
9	Neutral	Networking
10	Neutral	---
11	Negative	Autonomy
12	Neutral	Autonomy, innovativeness
13	Neutral	Networking, strategic
14	Negative	Autonomy, innovativeness
15	Negative	Autonomy
16	Negative	Autonomy, proactiveness, networking
17	Negative	Autonomy, innovativeness
18	Negative	Innovativeness
19	Negative	Networking
20	Neutral	Networking
21	Positive	Networking
22	Negative	Strategic
23	Positive	Innovativeness, proactiveness, risk-taking
24	Neutral	Autonomy, innovativeness
25	Neutral	Strategic, risk-taking

Table 5 Short answers for additional questions

Firm	Industry	Regularity	Useful	Non-useful	Non-entrepreneurial
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1	App provider	Regular 20%	Small problems	Big problems like restructuring	Takeover of situation
2	Luxury Watches	Always 100%	New employee	If situation is clear	Pre defining of work
3	Carsharing	Irregular	Depends on project	Employees does not know something, quick decisions	-
4	Food Industry	Regular 80%	Complex situations	Co-CEO	Mistakes made
5	Venture Capital	Regular 80%	Under open questions (inputs and outputs unclear)	Clear inputs and outputs	-
6	Metal Industry	Regular 70%	Normal situations	If something goes wrong	Special customers
7	App provider for financial services	Regular 80%	If individual has right skills	Staff does not have right skills	Clear defined structure
8	Finance	Regular 95-100%	Always	Political situations, rules	-
9	Energy	Dependent on situation	Projects, reorganization	Individuals wanting clear structure	Making presentations
10	Furniture	Irregular 1%	New employee	Crisis	Work plan
11	Energy services	Regular 80%	(Projects or even daily)	To finish something	Decisions made from above
12	Lightning, healthcare, consumer products	Regular	Projects, creativity needed	Rules and regulations	Crisis
13	Social service	Regular	Regular analysis	Regulations	Missing financial resources
14	Fashion Company	Daily	Daily	For quick decisions	-
15	Administration	Regular 90%	Depends on events, project	Conflicts/problems	False statement of staff
16	Administrative	Regular		Regulations	Regulations
17	Education	Almost always	If involvement is desired	Regulations	New staff
18	Insurances	Regular 70-90%	All except regulations	Individuals who need to be led	No trust in employee
19	Gastronomy	Everyday	Everyday	Fixed procedures	Ordering products
20	Hotel	Regular, on each weekend	Discussions	Late feedback	Ordering products
21	Logistic service	Everyday	Everyday	Fixed procedures	-
22	Hardware/ Software Development	Always	New product creation	Generic business tasks	Almost never, one-problem-one-solution events
23	App Service Provider	Regular	Creativity tasks	Specific tasks like accounting where innovation is not needed	Last report to advisor
24	Social lending	Almost always	Not department issues	Conflict between parties	Maybe under late deadlines
25	Lifestyle Product Manufacturer	Regular 70%	Now at the start of company, product creation	Bookkeeping etc.	-

(-) means the respondent could not find any fitted answer for the question

SURVEY PROTOCOL ENTREPRENEURIAL LEADERSHIP

Introductory information on the respondent's background

- Name of organization
- Type of industry / generally what type of product(s) or service(s)
- Name of respondent
- Gender
- Age
- Name of function / position in the organization / main task-responsibility
- Experience in this specific position
- Total experience in any managerial position

- Approximately, how many direct reports (=people that directly report to the manager in the formal hierarchy of the organization)
- What type of work do people under the manager do (direct reports and others in the hierarchy below manager)

Main question (critical incident technique)

1. Could you mention an example in your career of when you led your employees in an entrepreneurial way? If you have multiple examples please take the most recent one. Please take your time to choose and describe one example.
 - i. What happened in this situation or project? What was it about?
 - ii. Which specific behaviors did you demonstrate in this example? How did you show them?
 - iii. Could you describe in greater detail what you did or said exactly?
 - iv. Why did you show these behaviors?
 - v. What kind of behaviors did your employees show in this example? Could you describe them exactly?
2. Can you mention an example in your career of when you encouraged your employees to take risks or take ownership; be autonomous, pro-active or innovative; or learn from competitors?

Contingency factors

3. How often do you lead your employees in an entrepreneurial way (regularly or occasionally)? Could you give a rough percentage?
4. In which circumstances do lead your employees in an entrepreneurial way, when do you think it is most useful? To what extent is such behavior useful?
5. In which circumstances do you think it is not useful?
6. How has your past experience influenced you in leading your employees in an entrepreneurial way like in past workplace? Can you describe a specific event which led to such? Has your opinion changed over time on this matter and if so why / when?
7. Could you also give a recent example of when you did not behave in an entrepreneurial manner towards your employees and why?

Outcomes

8. What is in your opinion the effect of leading your employees in an entrepreneurial way on employee commitment? Please explain.
9. What is in your opinion the effect of leading your employees in an entrepreneurial way on economic performance of the firm?

Closure

10. Do you have any final comments or thoughts on this matter you would like to share?

Table 6 Sample characteristics

Firm	Industry	Gender	Age	Function	Experience as leader	Management experience	Direct reports
1	App provider for events	Male	29	Community Manager	0,5 years	10 years	3 - 12
2	Luxury Watches	Male	30	COO and Co-founder	2 years	2 years	5
3	Carsharing	Male	37	CMO	3 years	3 years	4 – 5
4	Food Industry/ Baking Industry/ Franchising	Male	49	Co-CEO	11 years	17 years	4
5	Venture Capital	Male	54	Co-founder and CEO	4 years	19 years	30
6	Metal Industry/ Basic Resources	Male	62	CEO	9 years	22 years	20
7	Financial Services (App provider for financial services)	Male	39	Co-founder and CMO	2 years	10 years	3
8	Finance	Male	55	CRO (Risk)	20 years	18 years	450
9	Energy (electricity, gas)	Male	54	CEO	5 years	12 years	120
10	furniture	Male	46	Co-founder and CEO	13 years	15 years	16
11	electricity, gas, energy services	Male	39	Group leader	3,5 years	3,5 years	11
12	Lightning, healthcare, consumer products	male	50	Head of Internal Communications, managing the internal communication	10 years	25 years	13
13	Social service	Male	50	Chairman, CEO	2 years	~21 years	6
14	Fashion Company	Male	40	CEO	10 Years	14Years	10

15	Administration (organization for children's education)	Female	39	Manager	7 years	8.5 years	11
16	Administrative (Local government)	Male	58	Head of Department "Assistance, Guardianship	7 years	19 years	44
17	Education	Female	50	Manager of Day-nursery center and family center	23 years	29 years	30
18	Insurances	Male	45	Owner and manager	22 years	22 years	3
19	Gastronomy	female	32	Leader	2 years	5 years	5
20	Hotel	male	64	hotelier	3 years	25 years	15
21	Logistic service/transport	male	43	Fleet management	4 years	7 years	87
22	Hardware/ Software Development	Male	32	Founder & Managing Director	10 Years	10 Years	8
23	App Service Provider for Pet care	Male	30	Founder, COO, CFO	1,5 Years	3 Years	8
24	Social lending/ Shareconomy	Male	37	Founder/ CEO	6 Years	15 Years	15
25	Lifestyle Product Manufacturer	Male	27	Co-Founder/ CMO	3 Years	5 Years	5-6

