Entrepreneurial leadership in crowd funded startups and SMEs - A critical incident analysis of entrepreneurs and managers

Author: Marten Pieper
University of Twente
P.O. Box 217, 7500AE Enschede
The Netherlands
m.l.pieper@student.utwente.nl

Crowd funding has made external capital more widely available for startups and matured companies. While this innovation offers access to funding capital to any person with a persuasive vision or business model, it minimized the required qualification in terms of leadership expertise. Particularly, entrepreneurial leadership (EL), which is often seen as natural form of leading a startup or innovative projects in matured companies, is therefore of interest and closely connected to the new form of funding. In this research a first connection between the topics of entrepreneurial leadership in crowd funded ventures and SME's is drawn. By addressing the entrepreneurial leadership approach of successful crowd funded entrepreneurs and comparing it to employed managers, this research is providing insight for entrepreneurs with little prior leadership experience and managers, willing to lead more entrepreneurial. The research is based on critical incident interviews with the two groups of business leaders, gathering qualitative data to form a foundation for further leadership and crowd funding research. The research has been carried out by giving different propositions concerning important aspects of EL utilization were made, anticipating divergent utilization by entrepreneurs compared to managers. In practice, however, the findings indicate a wide consensus on general use of EL, with minor variations. While the data did not support most parts of the propositions, there were still specific implications drawn from the findings that will benefit business leaders for leading entrepreneurial as well as the related field of research. These conclusions depict a practicable overview for the utilization of entrepreneurial leadership that is not limited to specific industries or company types.

SUPERVISORS: DR. M.L. EHRENHARD

                      DR. R. HARMS

Keywords
Six-eight keywords are your own designated keywords.

Entrepreneurship, Entrepreneurial Leadership, Crowd funded ventures, Small & medium enterprises, Critical Incident Technique

1. INTRODUCTION

In the last 30 years, we have experienced a shift in our way of life, driven by innovations, which lastly has been witnessed during the Industrial Revolution of the 20th century. Countless innovations, incremental or radical, have given entrepreneurs and their new ventures a track record of what some might call an Entrepreneurial Revolution (Kuratko, 2007). Today, young and aspiring entrepreneurs are omnipresent in the media, our awareness and influence on people's lives. Their entrepreneurial success has become a symbol of achievement and endurance. From the recognition of an opportunity, tenacity at implementing it, and the bit of luck needed, they created technologies and scientific insights, making live unthinkable without for many people. Despite these success stories of billion dollar companies, founded in a dorm room have a special appeal and might depict a modern version of the American Dream, the entrepreneurial spirit is not limited to these "rags to riches" stories of young Internet companies. Established SME's and large corporations have increasingly initiated restructuring to adapt to the challenges of the agile market. Especially SME's utilize entrepreneurial leadership to remain competitive by optimizing risk, being proactive in managing change and innovation in their business processes.

The internet, in this case, has not only enabled the fast rise of new ventures as their center of operation, but recently evolved to a mean of financing and funding for operations and projects. Crowd funding, the practice of funding by raising many small amounts of money from a large number of people, has become popular via sites like Kickstarter and Indiegogo, which act as intermediate between the investment seeker and the "crowd". While the practice is still in its infancy, companies already participating in crowd funding can certainly be considered the avant-garde of modern entrepreneurship. In the context of the Entrepreneurial Revolution, crowd funding might reshape the way businesses raise money in a process of "creative destruction. (Schumpeter, 1942) While crowd funding makes early stage funding accessible for anyone with a vision, it does not entail any prerequisites for leadership or business management expertise. A tech-savvy entrepreneur, building a company based on a single product, funded by, what is often seen as "dumb money", is often condemned to fail. Therefore, as securing financing is democratized and product development remains a smaller part of the equation, the right kind of leadership in the new venture is the key to unlock long-term growth and prosperity for all stakeholders. Entrepreneurial leadership is often considered the most natural form for innovative leaders in their startups.

A similar need for entrepreneurial leadership, but for a different reason, is applicable for management teams in established companies. Many examples in the past have shown that size and history as a pretense for discontinuing innovation and risk adversity have pushed these companies to the slow lane, passed by more agile start-up competitors.

Other than seed funding for startups, crowd funding is also of peculiar interest for small and medium enterprises and may revolutionize their operations. Crowd funding of projects, such as the development of a product, will ease the constraint of limited financial access.

Therefore, in the context of the Entrepreneurial Revolution and the access to a new form of funding capital, entrepreneurs and managers of existing firms need to align their business processes and consequently their leadership styles to the new challenges of intensified competition, increasingly agile markets and urge to innovate.

In order for entrepreneurs and managers to lead their venture into this future, knowledge if not disposition towards an entrepreneurial leadership style and its utilization is key. After all, leadership styles should adjust to the issues the organization is currently facing and likely to face in the future (Fiedler, 1966). The research will be focused on a comprehensible and practical approach, based on data received from entrepreneurs in highly innovative crowd funded ventures and managers in small and medium enterprises. Thus, the key question reads as follows:

How is entrepreneurial leadership utilized by entrepreneurs of crowd funded ventures compared to managers of small and medium enterprises?

This research is relevant for entrepreneurs and managers alike. Entrepreneurs, usually with only little preparatory training in leadership, looking for guidance on how to exercise their role as a leader in the new venture. The specific setting in a crowd funded business environment offers additional benefits for any business leader consider this form of funding.

Managers willing to lead their organizations into an entrepreneurial future and open to an incorporation of crowd funding to their funding portfolio.

Furthermore, general audience with an interest in entrepreneurial leadership, startups or crowd funding.

In order to come to a significant conclusion, the research data was has been gathered on an individual level. We focus on individual leaders, as literature mentions an analysis of the unit of observation on an individual level as key for the identification of entrepreneurial leadership. (Audretsch, 2003)

The research is structured in two parts. Firstly, the literature review will integrate the research in the current field of research for entrepreneurial leadership and crowd funding. Furthermore, relevant theories are defined in order to be incorporated in the findings and final conclusion. The methodology will provide an explanation for the qualitative research design, execution of the academic research and additional information. Subsequently, the findings section with a summary of relevant statements during the interviews is illustrated. For an accessible assessment of the key question of this research, this section has been grouped into common themes identified during the interviews. The qualitative research is based on propositions which are evaluated based on the summarized data. These empirical findings will be, consequently, analyzed and conclusion for the proposition will be presented. A discussion and conclusion of the general findings are realized for the academic and practical relevance of this research.

2. LITERATURE REVIEW

2.1 Entrepreneurship

In its early stage, literature on the entrepreneurial topic, such as Miles, Snow, Meyer, and Coleman (1978) addressed the strategic question of the right business to enter. In more recent research, the focus has moved to the entrepreneurial processes (Lumpkin & Dess, 1996) and entrepreneurial leadership.

Although there is a variety of definitions in recent literature about Entrepreneurship, the most predominant comprises the dimensions of innovativeness, risk taking, proactiveness, and competitive aggressiveness (Miller, 1983). Combined, these processes comprise the entrepreneurial orientation of an individual or firm. In order to understand the entrepreneurship, a short definition of the entrepreneurial orientation is given according to academic literature.

Risk Taking: Willingness to invest time and resources in a project with the unforeseeable outcome (Miller & Friesen, 1982)

Proactiveness: Planning and acting on issues that are likely to be of importance in the future (Lumpkin & Dess, 1996)

Competitive Aggressiveness: Degree of a of effort a firm puts into outperforming its industry rivals, combining proactive and reactive measure again competitor's actions (Lumpkin & Dess, 2001

Innovativeness: Act on novel and creative ideas to come up with incremental or radical changes of products, practices etc. (Lumpkin & Dess, 1996)

In the process of defining entrepreneurship, several schools of thought have been established. In the "Leadership School of Entrepreneurship" the importance of addressing others with an appealing vision is pointed out (Cunningham & Lischeron, 1991). Kao (1989) saw a key to success in being able to manage people. The interaction of task focus and awareness of the individuals is important for the entrepreneurial leadership.

As already mentioned, entrepreneurial behavior is not limited to individual protégés, but shown by business from backgrounds and sizes. Several studies have made a contribution to differentiate between entrepreneurship of individuals and of corporations (Wortman, 1987). Birch (1979) argued that especially small and medium sized firms are active as innovators. Nonetheless, Guth and Ginsberg (1990) argue that many established large companies have kept their entrepreneurial edge, in the form of intrapreneurship, as a way of growth and strategic renewal.

Some firms have gone so far as to make alterations to the power distance (flattened hierarchy) and the way decisions are made (authority to operating units) (Pinchot III, 1985). Through redefining their markets, reorganizing their structures and other entrepreneurial acts, these established firms are able to retain competitive advantages (Ireland & Webb, 2007)

In this research, the focus of an investigation of the entrepreneurial orientation will be on the firm level, illustrated by their top management team.

2.2 Entrepreneurial Leadership

In the entrepreneurial context of startups or matured companies, both entrepreneurs and employed managers are decisive for the corporate culture of risk-taking, innovativeness, competitive aggressiveness etc.

In order to define entrepreneurial leadership, giving suggestions on the tasks of an entrepreneurial leader is helpful. He/ she must appeal to others willing to join the vision and continuously motivate, direct and lead (Kao, 1989). Secondly, Stuart and Abetti (1987) defined characteristics of these entrepreneurial leaders as tolerating ambiguity, being persistent, creative, dynamic and equipped with strong communicative and networking skills.

Although this definition exemplifies an individual as sole leader (the "great visionary"), entrepreneurial leadership can be performed by a team in a shared manner.

There is virtually no dissenting opinion of the crucial importance of right leadership in matured companies by the managerial tier. Some academics have even identified it as a source of a competitive advantage (Conger, 1998; Day, 2000). Additionally, in the Upper echelon theory, Hambrick and Mason (1984) argued that the whole organization can be viewed as a reflection of the top management team. Therefore, a business founder or manager with an entrepreneurial spirit is likely to evoke it throughout the venture.

In startups, the general belief and focus has been different for many years. In the past, technical know-how and execution of business tasks have taken the principal task field of entrepreneurs, while developing the right leadership has been neglected. Their full-time occupation in various roles as marketing officer, public relations representative or financial controller were only reconsidered once the corporation and tasks had reached an excessive level of complexity, requiring specialized staff (Cope, 2003; Vecchio, 2003). In recent times, academics and practitioners alike have recognized the importance of entrepreneurial leadership styles as a factor for venture success. The leaders' ability is a key to cope with recent challenges and plan for long-term growth. (Perren & Burgoyne, 2002; Perren & Grant, 2001) It has a direct influence on the creation of positive conditions for performance and success (Shirey, 2006).

While a "corporate mindset", including the minimization of risk, and the focus on generic processes are not usually examples for entrepreneurial behavior, there are opportunities for a manager to lead entrepreneurial.

In a startup environment, however, not the feasibility of an entrepreneurial leadership style has been debated, but the opportunity to adjust for contingencies. Many entrepreneurs and academics would argue that utilizing an entrepreneurial leadership approach solely depends on the personality of the leader rather than the situation.

In the context of the central research question, firstly an investigation of the different situations in which entrepreneurs and managers utilize entrepreneurial leadership, called positive critical incidents will be initiated. On the other hand, negative critical incident complete a thorough methodical assessment by means of the critical incident technique (Edvardsson, Roos, 2001). This technique has extensively been used in management literature, defining the perceived utility of the concern leadership style. (Flanagan,1954)

The theoretical differences in the utilization of EL are, therefore, evaluated by positive critical incidents composed in the following proposition:

Proposition 1: Crowd funded entrepreneurs utilize entrepreneurial leadership in different situations than managers of SME's.

While situations in which entrepreneurial leadership is utilized by the two types of leaders is comprised in these positive critical incidents, situations in which they regard EL as misguided, the negative critical incidents, may also differ.

We, therefore, expect specific situations in which exclusively entrepreneurs or managers refrain from leading entrepreneurial.

Proposition 2: Entrepreneurs and managers have different perceptions of negative entrepreneurial leadership incidents.

The main focus of leadership for an entrepreneur is put on the transformation of their vision and available financial & human capital into a successful business (Hassan & Agus, 2005). In many cases, the business model of the venture makes them a first-mover and therefore highly innovative.

On the other side, managers do not necessarily focus on a change process, but on growing the established firm. The innovative conduct of their venture is often focused on the creation of new products/ services. As both parties make use of entrepreneurial leadership, different obligations as a leader and challenges in their firms give reason to assume a difference in their motivation to utilize it. Our third proposition is therefore

Proposition 3: Crowd funded Entrepreneurs have a different motivation to utilize an entrepreneurial leadership approach than managers.

As typical motivation for a specific leadership style, literature names the survival and performance of a firm. More

specifically the influence of entrepreneurial characteristics, i.e. leadership on the performance of the venture (Hitt, Ireland, Camp, & Sexton, 2001). Therefore, we will assess the influence of entrepreneurial leadership on economic performance, while trying to identify additional motivation which are currently not considered in the literature.

So far, the incidents and motivation of the leader for entrepreneurial leadership have been mentioned. Nonetheless, only considering aspects of the utilization from a leader's viewpoint is likely to make the research outcome unilateral, as interest of followers are not considered.

So far, the literature has not directly addressed the integration of employee perception under the entrepreneurial leadership, but remained on the broad field of leadership.

Next to the right kind of utilization of an entrepreneurial leadership style, it is likely that there is some degree of receptivity by employees. While some might argue the right leader can convey any message and create the right motivation in all subordinates, another assumption might be that people react differently towards an entrepreneurial leadership A propensity for taking risks, be innovative and proactive might therefore be dependent on the corporate or individual level. Furthermore, the degree of employee commitment may be influenced by an entrepreneurial versus non-entrepreneurial style. If an employment in a crowd funded venture under supervision of the founder attracts different people than an SME's with employed managers a different receptivity for an entrepreneurial leadership style can be expected.

Proposition 4: Employees led by entrepreneurs have different attitudes towards an entrepreneurial leadership approach compared to employees led by a manager

For the assessing the perception of employees in a theoretical background, the Theory X-Theory Y model by McGregor (1960) is used. In this contrasting model, McGregor defines human behavior as either inherently lazy and in the need of supervision (Theory X) or self-motivated and exercising self-control (Theory Y). He argued that people disliking their careers will exemplify Theory X, while people that feel their work appreciated and like what they do are generally part of Theory Y.

In addition to this topic, Greenleaf (1977) made it the leaders' obligation to understand and adhere to their followers needs and aspiration. Therefore, knowledge the receptivity by their employees is important for entrepreneurs and managers alike.

3. RESEARCH METHODOLOGY

3.1. Study Method

This paper follows a qualitative, exploratory research approach, in order to gain insights of the entrepreneurial leadership scope in new ventures, especially those funded by a crowd. The purpose of the study is to identify and consequently analyze patterns or commonalities related to the research topic.

The research outline consists of two parts, first the literature review displays the general context of the paper as well as elaborates the current state of research at hand. The data for the literature review was gathered by the use of the online literature search engines Scopus, Google Scholar and the library catalogue of the University of Twente.

The second part, the semi-structured interview is based on the critical incident technique and several follow up questions. The critical incident technique is used to gather data for a specific behavior in defined situations. (For more information, please see appendix)

Prior research with an emphasis on entrepreneurial leadership is largely conducted on the basis of quantitative research techniques. For this research, a qualitative approach has been chosen, providing first insights, and advanced descriptions (Jack & Anderson, 2002) to understand the beliefs and experiences of the individual respondent.

Furthermore, a qualitative research approach is ideal for exploring the sparsely known topic of entrepreneurial leadership in crowd funded ventures and SME's.

The analyzed interviews have been conducted by a group of International Business Administration of the University of Twente for their Bachelor Thesis. The central theme is "Entrepreneurial Leadership". The subtopic of shared vs. vertical leadership has been added by the author to ensure a comprehensive outcome and practicality.

In order to cover the various sub topics, ranging from the background & personality traits to the sustainability of entrepreneurial leadership a unified interview protocol has been used. Probing questions were used to ensure a free and independent flow of answers, if necessary guided through detailed sub-questions.

The interview protocol outline has been designed in a joint effort, and the final draft has been edited and completed by the supervising professor, Dr. M.L. Ehrenhard, University of Twente.

3.2. Sample

The unit of analysis is split into two main groups:

-Entrepreneurs that founded their own venture through crowd funding.
-Employed managers in small and medium companies.

The group of entrepreneurs consists of the founders or a member of the founding team in crowd funded ventures, which were chosen as these ventures best exemplify the avant-garde utilizing an entrepreneurial approach. The critical incident interviews from employed managers in SME's are included to come to mutual conclusions and recommendations benefiting both sides.

For startups the implications of learning from professionally managed firms are twofold. Firstly, as mentioned above, founders do not necessarily have a special predisposition towards effective leadership.

Secondly, their startups are likely to grow in size and complexity, making the inclusion of hiring management staff inevitable. Although this external management staff may influence the corporate culture, the entrepreneurial spirit that constitutes the success of the venture should be maintained. Therefore, an early awareness and insight from managers that utilize entrepreneurial leadership in an effective manner is a valuable lesson.

Managers, either making use of entrepreneurial leadership or willing to increase this notion, or managers that currently lack this leadership skill, can learn from the innovative and risk-taking approach of their start-up counterparts.

As this study is based on critical incident, both types of ventures have a particular interest in utilizing the dynamic aspect of entrepreneurial leadership. Therefore, the "measures of proficiency", used in the critical incident technique to ensure an appropriate standard sample is adhered to (Flanagan, 1954). In addition, by taking interviews from different corporate life stages into the analysis reliability, validity and especially generalizability are ensured.

The sample of entrepreneurs that utilized crowd funding is comprised of 6, solely male interviewees, with a mean age of 30. All respondents are part of the original team of founders and

currently hold top management positions. The sample has on average 6 years in a leadership position, and 4 years and 8 direct reports in their current position (mean). Other than technical know-how, all respondents had prior experience and education in business management and leadership. In the sample, the variety of industrial background ranges from hardware manufacturing, service provider, social lending to lifestyle product manufacturer and retailer. For their campaigns, 1 was connected to a specific project, while 4 were general business financing. All crowd funding projects were ex post facto funding, as the product/company had been already existent.

In the sample, only successful crowd funding campaigns were considered. Therefore, all companies included have successfully reached their crowd funding goal (mean of 93.000€), and three attained their maximum funding limit.

3.3. Procedure

Potential participants in the sample of crowd funding entrepreneurs were chosen with respect to a successful completion of the ventures crowd funding campaign. Furthermore, an emphasis was put on crowd funding campaigns that were initiated in order to seed fund a new venture or a large project within an existing venture rather than a single project.

The sample of manager was chosen based on their employment in a top management position in a small to medium sized firm. Although a future consideration of crowd funding for their firm was not a criterion for the manager sample, their firm's business area has a high potential for future crowd funding endeavors. Most importantly, they offer products or services that will create some excitement in potential backers and are part of current trends.

After a positive response, the interviews were conducted at the office of the respondents or via video conference. The interviews lasted between 30-80 minutes, were recorded and subsequently written up in greater detail.

3.4. Measures

The semi-structured interview was primarily used to identify a critical instance in which entrepreneurial leadership is displayed.

From the combined interviews, categories have been created. Within these categories, connections and contradictions are drawn to advance the knowledge of the topic entrepreneurial leadership in crowd funded ventures and SME's. This new knowledge will advance the study field from the perspective of the interviewees and subsequent conclusions drawn in the discussion.

3.5. Data Analysis

A code number was assigned to each interview, for example M4 or E3. The abbreviations indicate the sample in which the interviewee is included. M indicates that the respondent has been an employed manager in an SME, while E comprises the sample of crowd funding entrepreneurs. The number indicates the interview order.

The findings section is grouped under common themes which summarize the findings of the critical incident interviews with the entrepreneurs and managers.

4. FINDINGS

4.1. Positive Incidents of entrepreneurial leadership

During the interviews, crowd funded entrepreneurs as well as employed managers in SME's described situation in which they made use of an entrepreneurial leadership style. These positive incidents are used to give an initial view on the use of entrepreneurial leadership in those firms. Due to differences in resources, leadership expertise and ownership a diverging entrepreneurial leadership emphasis is expected. Proposition 1, introduced in the theoretical framework, stating an assumed difference in the situations in which entrepreneurs or managers utilize EL. The interviews reveal two themes for these positive critical incidents.

4.1.1. Utilization during creative tasks

Many entrepreneurs and managers described positive critical incidents of tasks that involved creativity and individual decision making. In general, several interviews of both parties showed consensus about the effectiveness of an entrepreneurial leadership style for idea development and innovative solutions. As an entrepreneur expressed his belief:

"Whenever we are trying to create something new (..). Here we really sit together and everyone needs to take responsibilities and give input." –E1

A manager summarized these positive critical incidents as:

"When you do not have a structured plan how to do it (...) In an environment in which you approach open questions. When input and output is not clearly defined" –M3

These examples and consistent answers throughout other interviews of both parties, give an indication of a homogenous utilization of entrepreneurial leadership by entrepreneurs and managers in incidents involving a high degree of creativity. According to some interviewees, that emphasized their business background, they are not predestinated for designing, research & development or other idea development and therefore rely on their staff's creative input.

Nonetheless, a difference in the kind of creative tasks that entrepreneurs and managers utilize entrepreneurial leadership became apparent. Entrepreneurs showed a propensity to motivate employees for first-time tasks with a goal-orientation, often with large impact on the overall business. The goal-orientation of their entrepreneurial leadership style was implicitly mentioned throughout all interviews.

In the interviews, tasks in which they utilized entrepreneurial leadership included product creation, creating corporate identity and business development. Exemplary for most crowd funded ventures and their challenges, one founder noted that:

"We are in a young environment, our company is relatively new, our customers and investors are young & energetic. So we come to a point of making critical decisions for the direction we are going about all 2-3 months. At these moments, I see entrepreneurial leadership as very useful." –E3

On the other side, all managers expressed incidents of encouraging creative problem-solving by employees during routine tasks. About half of managers indicated that these routine tasks were incidents of employees' contact with customers. As several managers noted, the scope is often

limited by guidelines and regular feedback from authorities, as expressed in one interview:

"Starting point is drawing up a contract and this is the point of time at which the employee has the responsibility to arrange everything for the customer. There is a kind of to-do list which serves as a guideline." –M1

Noteworthy is the use of entrepreneurial leadership by managers for situations that involve relationships with customers. Giving staff freedom in this field , as mentioned during several interviews, will increase the dedication an employee feels towards this obligation to fulfill customer needs. Basically, leaving space for individualized solution-finding is benefiting customer servicing and ultimately satisfaction.

Although, the managers emphasized the freedom that is given to their employees for performing these tasks, guidelines and rules that limited this latitude had been mentioned multiple times. Compared to entrepreneurs, incorporating a truly goal-oriented orientation of entrepreneurial leadership, managers predominantly give process-requirement as well, making it a more restricted form of entrepreneurial leadership.

4.1.2. *Strategic & tactical planning*

Another theme identified for positive incident of entrepreneurial leadership in the interview of entrepreneurs and managers was for strategic vs. tactical planning. Here, a clear distinction in the utilization of entrepreneurial leadership between crowds funded ventures and SME's was observable.

Entrepreneurs generally relied on an entrepreneurial approach for the strategic direction of their crowd funded venture. Many formulated long-term goals that are being pursued in an entrepreneurial leadership approach. The focus here is put on a goal-orientation rather than process-orientation. Showing a long-term vision for the venture is a big part of strategic planning, especially when leading entrepreneurial in a crowd funded venture. Their entrepreneurial nature and agile environment make a strong inclusion of the whole team for this vision priority of the of the entrepreneur. According an entrepreneur:

"I had to see how to manage a venture more effectively. (...) Therefore, I tried to give more general visions and less detail requirements." –E1

On the other side, managers in SME's gave incidents typically associated with tactical planning. An entrepreneurial approach for these day-to day planning and analysis of everyday functions was mentioned for occasions such as design and administration of branch offices and operational business tasks, such as customer servicing.

"If I do not act entrepreneurial, then I have to make all decisions myself and suffer an overload. Therefore, I encourage this behavior to distribute responsibilities for some routine tasks and prevent a bottleneck for decision making." –M2

In general, the findings for positive critical incidents indicate the utilization of EL under two themes- Tasks involving a higher degree of creativity and future planning. Under the first theme, the consensus for the general use during these tasks was dominant. On the secondary level of these creative tasks, a distinction between entrepreneurs and managers could be made. Here the leadership in startups required EL for first-time tasks to establish the business. In the SME, entrepreneurial leadership was used for routine tasks that required innovative problem-solving (often in contact with customers)

For the second theme, future planning, entrepreneurs utilized EL predominately for strategic planning, while managers made use of EL during tactical planning.

4.2. Negative incidents of entrepreneurial leadership

Next to the incident in which the entrepreneurs and managers lead in an entrepreneurial way, we also asked for circumstances where they think it will result in a rather negative outcome, hence should not be used. At their current stages the crowd funded startups and the SME's face different challenges. Here, again the difference between the entrepreneurs that retain full control of their startup and the employed managers that have a long experience in leading is expected. The initial proposition (#2), therefore, also expected a different perception for negative entrepreneurial leadership incidents.

The samples of crowd funded entrepreneurs and SME managers showed high similarity in their perception of negative critical incidents of entrepreneurial leadership.

4.2.1. *Utilization during regulated tasks*

In total, 8 entrepreneurs and managers (equally distributed) mentioned a negative impact of entrepreneurial leadership on routine tasks that are regulated either by internal or external authorities.

Examples of these negative incidents include:

"The work procedures are fixed. The field of function for each employee is clear and does not change (...)" -M5

"Obviously, in rather generic business tasks, ranging from accounting etc. creativity and risk taking cannot really be applied." -E1

For these tasks, 4 interviews mentioned tasks with external regulation on tasks such as accounting and finance. They see an entrepreneurial leadership, including risk-taking and innovativeness due to regulations and standard procedures as highly undesirable.

"When results that are given a clear structure need to be delivered (e.g. a template). (...) In this case, one cannot be entrepreneurial." -M1

The other 4 interviews addressed situations of internal requirements. Tasks that these interviews mentioned were usually require in a consistent or dictated by the leader.

"The distinction should be made in what is expected from them, here tasks have to be fulfilled according to the book and therefore have less flexibility and different goals in mind." -E1

Furthermore, one interviewee added, incidents when the "entrepreneurial spirit" of employees might go too far. In these situations, the leader has to introduce stricter regulations despite the initial entrepreneurial approach.

As mentioned above, the interview outcomes showed high similarity in naming routine tasks as negative critical incident. Furthermore, no significant difference between entrepreneurs and managers in assessing these routine tasks has been found.

Several interviewees motivated their opinion of routine tasks as negative incident by two beliefs

Firstly, the fact that fields such as accounting, finance and other suggested routine tasks have to be executed according to standard regulations by crowd funded ventures just as much as

SME's is a logical conclusion. Neither entrepreneurs, nor manager will encourage entrepreneurial behavior in these incidents.

Secondly, these routine tasks are the ones that have little extra value for the company if done with an entrepreneurial approach and are usually not part of the core business for the companies.

4.2.2. Authoritarian decision

A group of 4 interviews (1 Entrepreneur, 3 Managers) mentioned their perception for a negative outcome if entrepreneurial leadership is utilized in situations that require authoritarian decision making. The individual, making these decisions can be the formal leader, e.g. the entrepreneur/ manager, one of their investors et cetera. The interviewees mentioned situations that pose a conflict of interest in the leader-follower relationship or decision with extensive (negative) consequences for the company.

"Whenever there is a clear conflict between parties, there is a point when consensus and team work has to stop and a decision has to be made for the greater good" -E5

"If there is a high risk of losing an important customer; the consequences have to be considered carefully. (...) A small mistake might lead to a big negative impact on the business" -M4

The fact that a majority of managers mentioned situations of authoritarian decision indicates a further distinction in the entrepreneur-manager utilization of entrepreneurial leadership. This distinction, therefore, is complementary to the earlier findings of positive critical incidents.

The emphasis of managers seems to be put on a more vertical approach when entrepreneurial leadership, while entrepreneurs put importance on a rather shared leadership approach.

For incidents in which entrepreneurs and managers do not rely on an entrepreneurial leadership style, an inclusion and motivation of the concerned staff is still important. According to an entrepreneur

"The distinction should be made in what is expected from them, here tasks have to be fulfilled according to the book and therefore have less flexibility and different goals in mind." -E1

The similarity in perception of entrepreneurs and managers for situations that do not benefit from a joint effort and reaching a consensus, and therefore require an authoritarian decision is given to the second common theme. Several interviewees pointed out, tasks that involve a conflict of interest due to the leader-follower relationship the most common incidents in crowd funded ventures and SME's. In both kinds of firms, decisions against the interest of staff have to be made. In these cases, their leaders have to rely on vertical non-entrepreneurial leadership. If possible the decision made by the formal authority of the firm should have a low risk, as employees' trust is an important issue and not too proactive as people tend to cope better with change directly affecting them step-by-step. Nonetheless, many occasions will require a sole decision from the leaders in order to reach a greater good for the firm and ultimately its stakeholders.

All negative incidents mentioned by crowd funded entrepreneurs and managers of SME's are similar in two aspects:

-They cannot be approached in an inclusive entrepreneurial approach by the leader and staff, because they are either restricted through regulations of a conflict of interest.

Distinctive findings were made for the situations involving authoritarian decision making. The manager indicated a higher commonness for this kind of decision, while entrepreneurs usually saw it as a last resort.

4.3. Motivations to use an entrepreneurial leadership approach

Regarding the described situation, the interviewees were asked to give their motivations of why they used an entrepreneurial style. These motivations can be interpreted as the positive impact that leaders observe or expect from their utilization of entrepreneurial leadership in their ventures. As the obligations for each leader is different in their current position, so we expect a different reasoning to utilize entrepreneurial leadership. A difference in the challenges that crowd funded startups and small & medium enterprises face are another variable to consider. Usually leadership motivation is reflected by these challenges. In the theoretical framework a proposition for diverging motivations to utilize EL between crowd funded entrepreneurs and managers of SME's has been made.

4.3.1. Employees' Motivation/ Development

There was a broad agreement on the effectiveness of entrepreneurial leadership for the motivation of a group of employees. The observed results of an increased motivation could be categorized as personal growth, well-being, preparation, and corporate identity. As one entrepreneur suggested:

"The entrepreneurial leadership style probably helps this commitment by making space for this motivation and further learning, by getting people to take on tasks that they are not perfect in." -E2

The motivation to utilize an entrepreneurial leadership style was not only indicated during a majority of interviews with entrepreneurs, but also named as motivation by more than half of all managers.

"Employee wellbeing rises. What has to be considered in this case: the employees don't do a 5-to-9-job, but work more than they would somewhere else. Employees need to identify with the company." –M1

Although managers also mentioned motivations of employees' personal growth, incidents involving the training of potential leaders were exclusively given by entrepreneurs. They considered developing high potential staff into future managing positions through entrepreneurial leadership as ideal.

Such as preparation has not been mentioned by managers and might indicate a predisposition for hiring external management staff.

4.3.2. Economic Performance

The crowd funded entrepreneurs saw an entrepreneurial leadership approach as the most natural for their kind of venture, and therefore, if utilized correctly, with positive impact on the economic performance. Their main argument is that it best complements necessary features of a crowd funded

venture, namely quick decision making, high employee involvement, innovativeness and leanness.

As many entrepreneurs emphasized, a quick decision-making process, e.g. through a flat hierarchy is used to lead entrepreneurial. The intended outcome for this emphasis is staying agile in their business which is prerequisite for achieving economic success as a small crowd funded venture.

Tapping the knowledge of their staff and encourage responsibility through a high employee involvement has been mentioned by entrepreneurs and managers. One manager explained the direct link between entrepreneurial leadership and economic performance as he sees it as:

"Positive, because better decisions are made. On all tiers of the company employees take responsibilities, which will increase customer satisfaction, ultimately leading to a better economic performance." –M2

According to their statements, economic performance of their crowd funded firms or SME's thereby is influenced by several reasons. As was pointed out during multiple interviews, this involvement includes joint efforts for processes and decisions and pushing leaders and staff to leave their comfort zone.

"Not all things will work out, but the ones that actually do work will push you way further than when you stick with what you know." –E4

Nonetheless, one manager noted that even for joint decision, the final risk always has to be carried by the formal leader.

Representatives of both parties referred to their assumption that the entrepreneurial leadership for economic performance is needed. While the difference in execution became apparent between the clusters of crowd funded ventures compared small and medium enterprises.

Entrepreneurs, here, noted that EL it needs to be performed as a manager with a hand on mentality, in other words, neither as sole manager of tasks nor as executor of these tasks but a combination. Several crowd funded interviewees described their general leadership approach as "leading by example"

Managers predominately showed a preference for a division of leadership and execution.

In general, entrepreneurs and manager await main positive results through EL in the fields of employee development and well-being as well as economic performance of the staff and therefore ultimately the whole firm. While managers generally see employee development through EL in the form of an increased satisfaction of the staff and improved fulfillment of their tasks, entrepreneurs go a little further. Many entrepreneurs see leading entrepreneurial as a chance to develop the current working staff into future managerial/ leadership staff.

Furthermore, crowd funded entrepreneurs saw El as a natural form of leadership in a start-up environment, while managers regarded it additional leadership approach with specific advantages.

4.4. Employees' commitment through an entrepreneurial leadership style

Next to the right kind of utilization of an entrepreneurial leadership style, it is likely that there is some degree of receptivity by employees. While some might argue the right leader can convey any message and create the right motivation in all subordinates, another assumption might be that people react differently towards an entrepreneurial leadership, so taking risks, be innovative and proactive in a different form of

firms. Furthermore, the degree of employee commitment may be influenced by an entrepreneurial versus non-entrepreneurial style. If an employment in a crowd funded venture under supervision of the founder attracts different people than an SME's with employed managers a different receptivity for an entrepreneurial leadership style can be expected. For employees that are part of a crowd funded venture and therefore led by an entrepreneur, we expected a different attitude towards EL than from an employee that is led by a manager in an SME.

For the attitude of employee towards and entrepreneurial leadership, managers and entrepreneurs gave consistent evaluations. The general belief is that, as one interviewee stated:

"It will sift the chaff from the wheat. Either, people welcome the freedom, think independently, bear risk and consequently flourishes under his style, or react insecure, retreat and ultimately give up" –M1

During the interview, several entrepreneurs and managers, pointed out differences in employee's openness towards their entrepreneurial leadership style.

The general notion indicates an aspiration by some employees for entrepreneurial leadership, while other groups are reluctant to be led entrepreneurial.

Hereby, personality was mentioned by most as the predominant factor for this difference.

4.4.1. Aspiration towards an entrepreneurial leadership style

In total, 6 interviews noted an acceptance or aspiration of the entrepreneurial leadership style by employees for entrepreneurial leadership.

"I think this leadership style comes naturally to many people. Of course, it is not the right for everyone, but usually the people looking for a job at a startup, or the ones that we hire are looking for their own responsibilities and the other aspects of entrepreneurial work." –E3

As all interviewees, addressing this theme, pointed out, employees with a positive attitude or aspiration for an entrepreneurial led environment will subsequently strive and experience personal growth. They usually share traits of self-responsibility, high motivation and a high degree of development potential.

"It depends on the person whether he or she sees it as motivation or pressure. (...) Generally, to discover a 'doer-mentality' in the employees, to encourage self-initiative and to get ideas that by oneself would have never gotten." –M1

While, several managers and entrepreneurs suggested an excelling work performance of these aspiring staff members in positive critical incident, they also drew a reverse link between these employees and negative critical incidents. When conducting generic tasks under strict supervision, these employees tend to show feel unchallenged and unmotivated

In leading an employee that is striving under entrepreneurial leadership, the right degree between overexerting and demanding too little is given as homogenous response. The leader have to develop this kind of sensitivity by trial-and- error in close contact with the concerning staff.

4.4.2. Reluctance towards an entrepreneurial leadership style

On the other side, the 6 interviews that described a positive reaction, also noted the opposite- a negative reaction or reluctance towards entrepreneurial leadership.

'I have seen how many people began to be demotivated with their work and let simply because they did not feel that the culture was right for them" –M5

"There are employees that do their part no questions asked, and then there are some want to get motivated." –E1

This reluctance will lead to demotivation, surrender or faltering work performance under an entrepreneurial leadership style. The interviewees commonly saw these types of employees characterized by a detail-orientation, low anticipation of being creative combined with a need of supervision

Although, these employees are in need of close vertical leadership, the interviewees only drew a direct link for negative work performance in creative entrepreneurial led incident, but not for underperforming in general. Some indications were made for a better performance of reluctant employees for negative critical incident, namely routine tasks and authoritarian decisions.

The findings for employees' commitment indicate that one can generally assume one of two reactions towards entrepreneurial leadership. Either an employee welcomes this leadership style as it fits within his/her personal preference and plans or the employee opposes the style for the opposite reasons. A difference between being led by entrepreneurs or manager was not found in this case as both showed great consensus in their interview data.

5. DISCUSSION

The central research for a comparative between the utilization of entrepreneurial leadership by entrepreneurs in crowd funded ventures and managers in SME's has been assessed by 4 common themes, namely:

-Positive Incidents of entrepreneurial leadership
-Negative incidents of entrepreneurial leadership
-Motivations to use an entrepreneurial leadership approach
-Employees' commitment through an entrepreneurial leadership style

Several propositions that were based on a theoretical framework have been introduced and subsequently assessed by the findings made during the interviews with entrepreneurs and managers. The findings from the research identified several commonalities and distinctions in the utilization of EL by the leaders in their respective companies. Furthermore, the data gives meaning to derive insight and develop general recommendations for business leaders, especially in a similar corporate environment or perhaps considering financing a venture through crowd funding.

As the direction of most propositions indicated, a substantial difference in the utilization of entrepreneurial leadership between entrepreneurs and managers was initially suspected.

In practice, however, the findings indicate large consensus between both groups on a general level. The fact that in both types of ventures still face similar challenges, explains a similar need for leadership in many cases.

In the findings, sufficient data for an assessment of the first proposition has been presented. The proposition was derived from the theoretical assumption that different obligations and challenges will affect the leadership motivation.

In the field research, however, the data received from entrepreneurs and managers show strong consensuses; therefore the findings only partially back the proposition. Partially, because the differences found for the utilization of EL comprised common situations of creative tasks and future planning in both groups. Here the leadership in startups required EL for first-time (e.g. new product development) tasks to establish the business. In the SME, entrepreneurial leadership was used for routine tasks that required innovative problem-solving (often in contact with customers). For the second theme, future planning, entrepreneurs utilized EL predominantly for strategic planning, while managers made use of EL during tactical planning. For business executives or founders considering an increasingly entrepreneurial approach in their (future) business these specific incidents can be regarded as guidelines. The generalizability might be dependent on variables such as "employees predisposition towards entrepreneurial leadership", hence addressed hereafter.

The interviewees also answered question related to negative incidents of entrepreneurial leadership, so when they would not recommend using it. A difference in the perception of these situations between the two parties was suggested. The investigation of the findings of these negative critical incidents, however, does not support this proposition. Several interviewees motivated their opinion of routine tasks as negative incident by two beliefs. Firstly, these routine tasks are the ones that have little extra value for the company if done by an entrepreneurial approach and are usually not part of the core business for the companies. Secondly, the cited incidents are business tasks that are liable to standard legal regulations, e.g. accounting. Taking risks and being aggressive towards competitors for these tasks is not only undesirable, but may also cause profound legal difficulties. Therefore, as crowd funded ventures and SME's have similar routine tasks, such as accounting, a consensus in the perceptions of their leaders can be explained. The similarity in perception of entrepreneurs and managers for situations that are not benefiting from a joint effort and reaching a consensus is given for the second common theme. As different interviewees pointed out, tasks that involve a conflict of interest due to the leader-follower relationship the most common incidents. In both, crowd funded ventures and SME's decisions against the interest of staff have to be made. In these cases, their leaders have to rely on vertical entrepreneurial leadership. If possible the decision made by the formal authority of the firm should have a low risk, as employees' trust is an important issue and not too proactive as people tend to cope better with change directly affecting them step-by-step. Nonetheless, many occasions will require a sole decision of the leaders in a crowd funded venture or an SME's.

For a complete analysis of entrepreneurial leadership of crowd funded entrepreneurs in comparison to managers, their motivation needed to be investigated as well. We proposed a possible distinction between the motivation of entrepreneurs and managers, which was investigated based on the interviews with both parties. The data gave strong indications that in crowd funded firms, entrepreneurial leadership is used to encourage employee learning, and self-fulfillment. Furthermore, they want to cope with the agile challenges of the venture. Managers lead entrepreneurial to manage the different leadership requirements of the work force. Furthermore, they want to cope with the complexity of their company. All interviews mentioned reasons such as creating motivation and delight in the working staff, enabling self-growth, and positive work effort. The high

emphasis that is put on the well-being of employees as the primary motivation for utilizing entrepreneurial leadership indicates highest importance and value that crowd funded ventures and SME's place on their work force. The high importance that both types of companies place on motivating employees' is likely to stem from different sources. In the presence, these companies have to compete for capable staff with many other companies, including financially stronger large corporations. Offering the chance for more self-responsible and independent task at smaller firm is non-monetary incentive that should be considered. Especially, motivated, idealistic people have an increasing desire for "self-fulfilling" positions in startups, even if it comes at the price of lower wages. Although it might not be as simple as one manager suggested by saying "The more entrepreneurial we work the more the people want to work for us and with us." There definitely seems to be some truth in this statement

Other than general employee well-being, there are direct economic factors from the positive working experience. As several interviewees pointed out, motivated staff will put in the additional working effort and create ideas. In the smaller sized companies of this study, this extra working effort will greatly influence the economic performance. The innovativeness of staff in creating ideas is needed, as most companies do not have a designated R&D department or omniscient leaders. Although, there was a strong consensus for the majority of motivations, some were exclusive motivations for EL in both groups.

In the future, the growing firms have to rely on long-term staff to participate in formal or informal leadership positions. In this context, two interviewed entrepreneurs mentioned that EL offers the best chance to foster potential leaders that will naturally grow into the management positions of the growing venture. Most interviewed entrepreneurs did not have a managerial background before starting their own venture, therefore grew naturally into their leadership positions. This experience seems to influence their preference of "naturally" grown leaders in formal managerial position within their venture. Managers, either starting their employment in a managerial position or completing additional education for their position seem less concerned about growing own talent through entrepreneurial leadership.

As an important part of the total equation of effective leadership, employee acceptance of the entrepreneurial leadership style was addressed as an important theme under the fourth proposition. In the findings, the employees' reaction were grouped under two distinct situations- When employees accommodate this leadership style or in situations of employee reluctance. Employee's reaction towards entrepreneurial leadership seems to be predetermined by factor such as personality, past experiences and personal goals, but might be positively or negatively affected by their leaders. The initially expectation was therefore, that startups predominately attract people aspiring EL, while SME employees rather reject it.

The findings from the interviews however do not support this proposition. In reality, a mutual exclusiveness was not supported in the findings. Several entrepreneurs as well as manager have pointed out the distinct reaction by member of their staff. Therefore, suggesting that people seeking an entrepreneurial leadership style, so naturally risk prone, innovative and pro-active staff only do so in an more agile startup environment is wrong.

Instead of a mutual exclusiveness for companies, a distinct receptivity of at the individual level for entrepreneurial leadership has been found.

Furthermore, this receptivity seems to be a predisposition rather than being developed in the process of being led or significantly

influenced by the leader. Therefore, these predisposition have been grouped and integration into a prevailing theory.

For the two identified predisposition- aspiration & reluctance, a classification according to McGregor (1960) Theory X and Theory Y is proposed.

-*Employees with a positive predisposition towards entrepreneurial leadership represent McGregor's Theory Y, therefore are self-motivated and self-controlled.*

-*Employees with a negative disposition towards entrepreneurial leadership represent McGregor's Theory X, therefore are in need of supervision and lazy.*

As no mutual exclusiveness for staff in crowd funded startups or SME's has been identified, we expect the classification of positive or negative predisposition towards entrepreneurial leadership to be universally applicable. Therefore, business leaders from different backgrounds should consider to which degree they anticipate entrepreneurial leadership before hiring new staff. In general, the predisposition should be tested. Nonetheless, an effective utilization of entrepreneurial leadership, of course, depends on several factors and not just employees' receptivity. Although the interview did not investigate possible factors influencing the positive/negative predisposition of entrepreneurial leadership, it is expected that several predetermined variables such as personality, past experience, job position, have had a negative/positive impact on the perception. Future research on this topic is proposed therefore proposed.

The practical contribution of this research is made in the guidelines for entrepreneurial leadership that are offered to leaders of various kinds of ventures. The common themes in the findings section do not only indicate topics that were mentioned, but can be seen as consecutive utilization of EL. The findings illustrate certain requirements or foundations for the use of entrepreneurial leadership, which have to be fulfilled or at least taken into account for successful entrepreneurial leadership, namely the right motivation of the leader and an acceptance from the staff.
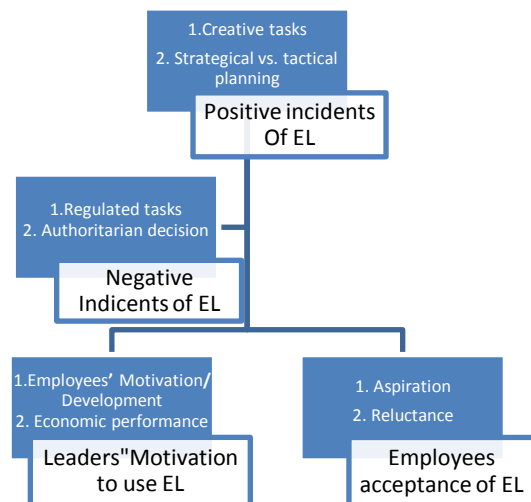
Figure 1- Pyramidical model of EL

As displayed in figure 1, these requirements might be seen in a pyramidic order. Entrepreneurs and managers indicated that, in order to lead entrepreneurial, they need to be motivated to facilitate employees' development or directly influence the economic performance in a rather risky approach.

At the same time, even if this motivation present, not every staff members favor an EL approach. In case of a negative

predisposition, these employees desire tasks that were given as negative critical incident of EL, namely routine tasks or decisions are made by superiors. Only if employees aspire to work more independently and risk prone, entrepreneurial approach is likely to be fruitful. The comparative study of entrepreneurial leadership suits within the upcoming trend of entrepreneurship education and the traditional form of business education. Combining a study of entrepreneurial leadership for the fields of fields of business founding/new business entries and the management of a business is unique and gave novel insight. This study contributes to the theoretical field by providing a novel approach by focusing on a comparison of EL by entrepreneurs in comparison to managers. It extends the current body of knowledge by providing a critical incident analysis, leaders' motivation and employees' receptivity for EL. Furthermore, the body of knowledge is extended. In current literature only a few qualitative approaches for similar topics have been carried out, e.g. the analysis done through a survey by Belleflamme, Lambert, and Schwienbacher (2010). A combined research on entrepreneurial leadership and different types of firms or leaders have, at the authors' current state of knowledge, not been conducted. The generalizability of the research outcomes are not limited to a similar setting or unit of analysis, but can be translated to other settings as well. The pyramidic framework should, for example, be considered by managers in Multi National Enterprises and government officials equally when leading or planning to lead entrepreneurial.

6. CONCLUSION

There is an abundance of business situation and circumstances that might best be coped with an entrepreneurial leadership approach. Leading a newly crowd funded venture is only one example that is closely connected to this leadership approach. The challenges for leaders of these ventures are the lack of external knowledge, e.g. a venture capitalist and the agile environment often with low entry barriers for competitors.

While crowd funding entrepreneurs are the avant-garde in funding a venture or projects, their significance for research goes further. Their innovativeness is also ideal for investigating entrepreneurial leadership in a special but still universally applicable form. Learning from this form is valuable for any business leader, if directly connected to crowd funding or not.

Vice versa, the more constant utilization of entrepreneurial leadership by educated and experienced manager offers means of comparison and insight for entrepreneurs. Their approach often incorporates entrepreneurial leadership in equal shares to other leadership approaches. As the crowd funded venture will eventually grow into a small or medium enterprise, an exploratory study is valuable.

The central research question has been assessed in the discussion and the resulted in a verdict, that entrepreneurs and managers do not utilize EL in a different context, but use it for slightly different reasons.

In regard of the critical incidents when entrepreneurial leadership is used by entrepreneurs or manager, it becomes clear that there is no consistency and ideal case for the utilization. The incidents depict two variables that seem to affect the situation for an effective or ineffective use of entrepreneurial leadership- personal motivation/preference of the leader and predisposition of the employee. The pyramidical model introduced offers a guideline for the utilization of entrepreneurial leadership. Positive factors such as the utilization during creative tasks, or negative factors such as the need of an authoritarian decision may influence the utilization of entrepreneurial leadership.

In the interviews, both entrepreneurs and managers gave indication for their preferred leadership style.

Some entrepreneurs and managers that are receptive to an entrepreneurial leadership style will utilize it throughout the venture. While some respondents saw this leadership style as unfeasible for example in financial matters, a former CFO and now entrepreneur utilized his entrepreneurial motivated philosophy even in this field.

Another lesson from the way these entrepreneurs and managers use this leadership style is in cases of goal-orientation rather than detail or process-orientation. Therefore, it seems especially useful for the lean approach most startups follow today and becoming less appropriate for organizations of large size, industries with strict regulations to conduct.

6.1 Further Research

As many academics argue, the classical leader-follower relationship seems to become is inefficient and outdated. An investigation of the disparity in vertical vs. shared entrepreneurial leadership is therefore advised. As several findings in this research have already indicated, a shift towards assigning leadership to individuals with the most relevant knowledge, skills and abilities concerning the issue- a shared leadership approach is increasingly important, especially in a startup environment.

6.2 Limitations

The limitations in the research of this article are given in the research technique, the research approach, and the form of data collection. The use of a critical incident technique has several limitations to be considered. The researchers bias and chance of misinterpreting the interview outcomes. Also, the ambiguity during coding has to be factored in for a generalizability and validity of the study. Lastly, for the critical incident technique, interviewees themselves may be biased or forget/leave out parts of the incidents.

For the interviews, only leaders of crowd funded ventures and SME's have been assessed. Their perception gave insight into their use of entrepreneurial leadership and their employees' reaction to it. To advance the study of entrepreneurial leadership in various kinds of firms, a future study, including the perception of the employees is proposed.

Another limitation might be the measures used to collect the data. In this case, the critical incident interviews were developed in a joint effort the use of different research studies restricts the target-orientation of this research. A direct investigation e.g.in how far crowd funding influences the utilization of entrepreneurial leadership, was not possible due to these restrictions.

This study has focused on the two distinct groups of entrepreneurs that founded their own business through crowd funding and employed managers that lead an SME. In practice these roles are not as easily discerned.

As mentioned before, managers might also act as a form of entrepreneur within the existing company, the intrapreneur, naturally requiring large focus on entrepreneurial leadership in same situations as startup founders.

Bibliography

Audretsch, D. B. (2003). Entrepreneurship policy and the strategic management of places. *Emergence of Entrepreneurship Policy*, 20-38. doi: Doi 10.1017/Cbo9780511610134.002

Belleflamme, P., Lambert, T., & Schwienbacher, A. (2010). *Crowdfunding: An industrial organization perspective.* Paper presented at the Prepared for the workshop Digital Business Models: Understanding Strategies', held in Paris on June.

Birch, D. G. (1979). The job generation process.

Conger, J. A. (1998). Qualitative research as the cornerstone methodology for understanding leadership. *The Leadership Quarterly, 9*(1), 107-121.

Cope, J. (2003). Entrepreurial learning and critical reflection: Discontinuous events as triggers for higher-level learning. *Management learning, 34 (4)*, 429-450.

Cunningham, J. B., & Lischeron, J. (1991). Defining entrepreneurship. *Journal of small business management, 29*(1), 45-61.

Day, D. V. (2000). Leadership development: A review in context. *Leadership, 11*, 581-614.

Edvardsson,B. & Roos, I. (2001) Critical incident techniques: Towards a framework for analysing the criticality of critical incidents, International Journal of Service Industry Management, Vol. 12 Iss: 3, pp.251-268

Fiedler, F. E. (1966). Effect of Leadership and Cultural Heterogeneity on Group Performance Test of Contingency Model. *Journal of Experimental Social Psychology, 2*(4), 237-264. doi: Doi 10.1016/0022-1031(66)90082-5

Flanagan, J. C. (1954). The critical incident technique. *Psychological bulletin, 51*(4), 327.

Greenleaf, R. K. (1977). Servant leadership: A Journez into the Nature of Legitimate Power and Greatness. *Paulist Press, New Zork*.

Guth, W., & Ginsberg, A. (1990). Guest Editors' Intoduction: Corporate Entrepreneurship. *Strategic Management Journal, 11*, 297-308.

Hambrick, D. C., & Mason, P. A. (1984). Upper Echelons - the Organization as a Reflection of Its Top Managers. *Academy of Management Review, 9*(2), 193-206. doi: Doi 10.2307/258434

Hassan, Z., & Agus, A. (2005). Ethical values in business: a study of Malaysian small and medium-sized enterprises. *Sustaining Growth and Performance in East Asia, 3*, 187-206.

Hitt, M. A., Ireland, R. D., Camp, S. M., & Sexton, D. L. (2001). Strategic entrepreneurship: entrepreneurial strategies for wealth creation. *Strategic Management Journal, 22*(6-7), 479-491. doi: 10.1002/smj.196

Ireland, R. D., & Webb, J. W. (2007). A cross-disciplinary exploration of entrepreneurship research. *Journal of Management, 33*(6), 891-927.

Jack, S. L., & Anderson, A. R. (2002). The effects of embeddedness on the entrepreneurial process. *Journal of business Venturing, 17*(5), 467-487.

Kao, R. W. Y. (1989). Entrepreneurship and Enterprise Development. *Toronto: Holt, Rinehart and Winston of Canada, Limited*.

Kuratko, D. F. (2007). Entrepreneurial leadership in the 21st century. *Journal of Leadership and Organizational Studies, 13*(4), 1.

Lumpkin, G. T., & Dess, G. G. (1996). Clarifying the entrepreneurial orientation construct and linking it to performance. *Academy of Management Review, 21*(1), 135-172. doi: Doi 10.2307/258632

McGregor, D. (1960). The human side of enterprise. *New York, 21*.

Miles, R. E., Snow, C. C., Meyer, A. D., & Coleman, H. J. (1978). Organizational strategy, structure, and process. *Academy of management review, 3*(3), 546-562.

Miller, D. (1983). The correlates of entrepreneurship in three types of firms. *Management science, 29*(7), 770-791.

Miller, D., & Friesen, P. H. (1982). Innovation in conservative and entrepreneurial firms: two models of strategic momentum. *Strategic management journal, 3*(1), 1-25.

Perren, L., & Burgoyne, J. (2002). Management and Working Leadership Abilities: An Analysis of Texts, Testimonz and Practice. *Report from the SME Group, London: CEML*.

Perren, L., & Grant, P. (2001). Management and Leadership in UK SMEs: Witness Testimonies from the Worl of Entrepreneurs and SME managers. . *Report from the SME Group, London: CEML*.

Pinchot III, G. (1985). Intrapreneuring: Why you don't have to leave the corporation to become an entrepreneur. *University of Illinois at Urbana-Champaign's Academy for Entrepreneurial Leadership Historical Research Reference in Entrepreneurship*.

Schumpeter, J. A. (1942). *Capitalism, socialism, and democracy*. New York, London,: Harper & Brothers.

Shirey, M. R. (2006). Building authentic leadership and enhancing entrepreneurial performance. *Clinical Nurse Specialist, 20*(6), 280-282. doi: Doi 10.1097/00002800-200611000-00007

Stuart, R., & Abetti, P. A. (1987). Start-up Ventures - Towards the Prediction of Initial Success. *Journal of Business Venturing, 2*(3), 215-230. doi: Doi 10.1016/0883-9026(87)90010-3

Vecchio, R. P. (2003). Entrepreneurship and leadership: common trends and common threads. *Human resource management review, 13*(2), 303-327.

Wortman, M. S. (1987). Entrepreneurship: An integrating typology and evaluation of the empirical research in the field. *Journal of Management, 13*(2), 259-279.

Appendix
Sample of managers

Code	Name of industry	Age/ Gender	Function	Experience in Position	Total experience as leader	# direct reports	Type of reports' work
M1	App provider for financial services	39/M	CMO	2 years	10 years	3	Social Media Marketing; Operations Management
M2	Food Industry/ Baking Industry/ Franchising	49/M	Co-CEO	11 years	17 years	4	Growth/Expansion; Property Management; Architectural Department; Branch Management
M3	Metal Industry/ Basic Resources	62/M	CEO	9 Years	22 Years	20	Sales& Marketing; Finance; IT; Technical Customer Support
M4	Psychological consultancy	43/M	Managing partner	14 Years	14 Years	12	project management, customer service, project implementation
M5	Webdesign, promotion	50/ M	CMO/ team manager	5 Years	23 Years	9	Customers service, design
M6	App Provider	46/ Ma	CEO	2 Years	15 Years	5	Product development, communication

Sample of entrepreneurs

Code	Name of industry	Crowd funded investment	Age/ Gender	Function	Experience in Position	Total experience as leader	# direct reports	Type of reports work
E1	Hardware/ Software Development	$102,608	32/ M	Founder& Managing Director	10 Years	10 Years	8	Technology development, Design, Sales, HR
E2	Service App Provider- Pet care	67.785€	30/ M	Founder, COO, CFO	1,5 Years	3 Years	8	Product development, Finance & Operations
E3	Service provider-	183.250 €	37/	Founder	6 Years	15 Years	15	Design,

	Social Lending		**M**	**& CEO**				**Marketing, Finance, Software Development**
E4	**Lifestyle Product manufacturer**	**100.000€ (Maximum)**	**27/ M**	**Co-Founder & CMO**	**3 Years**	**5 Years**	**5-6**	**Product Design, Web design, Marketing**
E5	**E-Commerce-Sustainable Lifestyle Products**	**100.000€ (Maximum)**	**29/ M**	**Founder & COO**	**1,5 Years**	**1,5 Years**	**5**	**New customer/ supplier acquisition, day-to day operations**
E6	**Service App Provider-E-Car charging**	**100.000€ (Maximum)**	**29/ M**	**Co-Founder & COO**	**2 Years**	**2 Years**	**6**	**Product Development, Business Integration, New Supplier/ Customer acquisition**

The interview protocol contains five parts:

1. Introductory information- Name, Demographics, Position & experience

2. Main Interview Question- Critical incident technique in a situation of entrepreneurial leadership

3. Contingency factors- Questions about contingencies of entrepreneurial leadership, e.g. progression, EQ, and utility

4. Outcomes- Effects on employee, economic and sustainable performance

5.Closure of interview- Question to crowd funding and final comments

The general procedure of the critical incident technique also used in the following research comprises:

1.Determination of the general aim of the activity

2. Development of plans and specifications for collecting factual incidents regarding the activity

3. Collection of the data

4. Analysis of the data

5.Interpretation and reporting of the statement of the requirements of the activity (Flanagan, 1954).