# Learning to lead in the entrepreneurial context

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## Abstract

**Purpose** – The purpose of this paper is to explore the nature of leadership learning in the entrepreneurial context, by building a dynamic learning perspective of entrepreneurship. It draws on contemporary leadership literature to appreciate entrepreneurial leadership as a social process of becoming located in particular contexts and communities.

**Design/methodology/approach** – Through qualitative phenomenological interviews with nine entrepreneurs the lived experience of learning to lead is explored. The principles of interpretative phenomenological analysis (IPA) are utilised to analyse the data and enable inductive theory-building.

**Findings** – The findings illustrate situated leadership patterns and relationships unique to the entrepreneurial context. A number of significant structural and experiential factors are identified that both shape and restrict the development of leadership practice in small ventures. Specifically, the limited opportunities for leadership enactment and observation, the dominance of the business as the crucible for leadership learning, the influence of the family and the low salience of leadership are highlighted.

**Research limitations/implications** – In appreciating the leadership learning task that nascent entrepreneurs are faced with it is vital that further research delves deeper into the varying levels of "leadership preparedness" brought to new venture creation. From a policy perspective, there is significant value in enabling entrepreneurs to engage in meaningful dialogue, critical reflection and purposive action with their peers through the creation of leadership "learning networks".

**Originality/value** – The research demonstrates leadership learning processes and pathways that are significantly different to those experienced by managers in the employed context. In so doing, this article represents the first systematic attempt to apply a learning perspective to the subject of entrepreneurial leadership.

**Keywords** Entrepreneurialism, Leadership, Small to medium-sized enterprises, Learning

**Paper type** Research paper

## Introduction

Many organisations view leadership as a major source of competitive advantage, with significant investment in the development of both human and social capital (Conger, 1996; Drath, 1998; Day, 2000). Numerous commentators reinforce this position, emphasising that leadership capability is crucial to organisational success (Conger, 1998; Fulmer and Wagner, 1999; Lowe and Gardner, 2000; James and Burgoyne, 2001). Within the small firm context, entrepreneurial leadership is heralded as vital to the growth of both new and established ventures:

In the increasingly turbulent and competitive environment business firms face today, a type of "entrepreneurial" leader distinct from other behavioural forms of leadership is required (Gupta *et al.*, 2004, p. 241).

An area of study has emerged that explores the common themes and linkages between the concepts of leadership and entrepreneurship (Cogliser and Brigham, 2004; Harrison and Leitch, 1994; Vecchio, 2003). In this vein, the article summarises the analogous development of theorising within these two fields of study. We examine the movement away from a trait-based appreciation of these phenomena towards more dynamic learning perspectives, where leaders and entrepreneurs are seen to engage in an evolutionary and affirming process of "becoming" located in particular communities (Cope, 2005a; Kempster, 2006, 2007; Rae, 2000; Steyaert, 1997).

This article draws on contemporary leadership literature to inform our understanding of entrepreneurial leadership. We suggest that naturalistic learning, which occurs through the milieu of contextual experience, is the dominant mechanism by which employed managers in larger firms develop their understanding and practice of leadership. Importance is placed on contextual variety and situated practice, which provides a rich abundance of experiential leadership enactments to both observe and participate in. Emerging research suggests that employed managers strongly identify with, and aspire to become, leaders. In essence, the phenomenon of leadership is highly salient to them (Kempster, 2006).

Within the small firm context, the ways in which entrepreneurs learn to become leaders of their organisations has received little in-depth analysis. Several theorists maintain that entrepreneurs are leaders by virtue of their position (Colbert, 2003; Jensen and Luthans, 2006; Vecchio, 2003). However, it is vital to examine how entrepreneurs relate to the phenomenon of leadership and the extent to which they actively identify themselves as leaders. In comparison to employed managers, it appears that the development of leadership skills is a much more informal process in the entrepreneurial context (Perren and Grant, 2001). Building on this recognition, this research explores the naturalistic situated processes that shape the entrepreneur's leadership capability, contrasting the findings with recent work conducted with employed managers in the corporate context (Kempster, 2006). By adopting such a comparative focus this article takes initial steps to "integrate entrepreneurship research and theory into the more established traditions of leadership and management" (Vecchio, 2003, p. 304).

The article begins by examining the commonalities between the fields of entrepreneurship and leadership. The importance of leadership within the entrepreneurial context is then reviewed before moving onto a discussion of how entrepreneurs may learn to become leaders whilst facing structural and contextual impediments inherent to the small firm context. We go on to articulate an in-depth phenomenological study conducted with nine entrepreneurs, which explored significant factors that shape how entrepreneurs learn to lead. It must to be emphasised that we do not seek to determine what leadership is in the complexity of the entrepreneurial context – this is simply not capable within the scope of this article. Rather, the research focuses on four dominant themes that shape the leadership practice of entrepreneurs. Specifically, the limited experiential opportunities for leadership enactment and observation, the dominance of the business as the crucible for leadership learning, the influence of the family and the low salience of leadership. The article concludes with a discussion of the findings and considers the policy implications of the research for the development of entrepreneurial leadership capabilities.

**Entrepreneurship and leadership: common threads and linkages**
Recent theorising has begun to examine common threads and linkages between entrepreneurship and leadership, partly because they are very similar notions with conceptual overlaps (Perren and Burgoyne, 2002). As Perren (2000) points out: "At a commonsense level one can consider an entrepreneur offering leadership and a leader needing entrepreneurial flair" (Perren, 2000, p. 2). An important reason for this comparative work is the similar evolutionary paths taken by these two fields (Harrison and Leitch, 1994). Cogliser and Brigham (2004) examine the intersection between these two domains with an emphasis on how the path taken by leadership research can inform the field of entrepreneurship.

Certainly, both scholarly streams have abandoned the preoccupation with identifying inherent personality traits that distinguish leaders or entrepreneurs from those who are not. Instead, leadership research has focused on what leaders do rather than who they are, embracing a systemic view of leadership as a process of social influence in a specific context (Yukl, 1998; Emrich, 1999). Leadership research within managerial studies has travelled a journey from traits to behaviours, from contingent style to localised cognitive and affective skills (Mumford *et al.*, 2000). More recently managerial leadership has begun to be reconceptualised as a relational process (Uhl-Bien, 2006). In this way emphasis is less to the individual and more toward the interaction of individuals within specific arenas. Theorists have made repeated calls for a grounded, qualitative approach into the relational and processual issues of managerial leadership within discrete contexts (Conger, 1998; Parry, 1998; Day, 2000; Lowe and Gardner, 2000; Bryman, 2004). Such a sea-change in perspective has also occurred with the entrepreneurship domain (Gartner, 1988), with an increased focus on the functions, activities and processes associated with entrepreneurial behaviour (Bygrave and Hofer, 1991).

More recently, both fields have witnessed the emergence of a dynamic learning perspective, with entrepreneurial and leadership activity conceptualised as a contextual and gradual process of "becoming" (Rae, 2000; Cope, 2005a; Kempster, 2006), where entrepreneurs and leaders are continually learning and developing their capabilities through a range of situational influences. Cope (2005a) articulates the usefulness of applying a social "learning lens" to entrepreneurship:

> This approach to researching entrepreneurship offers a new way of looking at the field, particularly those individuals engaged in entrepreneurial activity. It presents fresh opportunities for understanding entrepreneurs *in context*, by highlighting the complex, interactive learning relationship that exists between the entrepreneur, his or her business, and the wider environment (Cope, 2005a, p. 391).

The application of a learning perspective to the subject of entrepreneurial leadership has not yet been conducted and is the focus of this present work. By drawing upon contemporary leadership literature we aim to compare the learning processes associated with the leadership learning of employed managers with those of entrepreneurs. Before an analysis of such theorising begins, it is important to establish the relevance of leadership to entrepreneurial activity.

**The importance of entrepreneurial leadership**
There is a growing acknowledgement that leadership capability is crucial to the growth and success of small ventures (Perren, 2000; Perren and Grant, 2001; Perren

and Burgoyne, 2002; Gupta *et al.*, 2004). In the UK, the Council for Excellence in Management and Leadership (CEML)[1] was established "to ensure that the UK is able to develop the managers and leaders of the future to match the best in the world. To sustain the UK's competitive performance, we must achieve this in both the public and the private sectors" (CEML, 2002, p. 2). A specific working group was set up to develop a coherent leadership development strategy for UK SMEs and several reports were produced, many of which feature in this discussion.

At an individual level, leadership and vision are often lauded as important facilitators of entrepreneurship (Timmons, 2007). Hence, it is argued that entrepreneurship and leadership are deeply interconnected (Jensen and Luthans, 2006) and to be successful entrepreneurs must possess leadership skills (Colbert, 2003). As Perren and Burgoyne (2002) state: "Entrepreneurship and leadership share the abilities: personal drive, innovation and vision, and risk acceptance" (Perren and Burgoyne, 2002, p. 6). Vecchio (2003) seeks to integrate entrepreneurship research and theory into the more established traditions of leadership and management. He concludes that many of the constructs used in the area of entrepreneurship are also found within the mainstream of leadership theory, leading to the conclusion that:

> [. . .] it is more cogent and parsimonious to view entrepreneurship as simply a type of leadership that occurs in a specific context . . . a type of leadership that is not beyond the reach or understanding of available theory in the areas of leadership and interpersonal influence (Vecchio, 2003, p. 322).

Commentators such as Perren and Burgoyne (2002) and Cogliser and Brigham (2004) are not so forthright in their claims, but confirm that the strong commonalities should not be overlooked.

Research illustrates that whilst the business is at a micro-stage then the entrepreneur is more than just a leader, s/he is also a marketeer, a sales representative, a public relations officer, a financial controller and so on, occupying numerous roles and wearing many different hats simultaneously (Cope, 2001; Fuller-Love, 2006). As the organisation grows in size and complexity, with primary functions delegated, then the entrepreneur should evolve into a primarily leadership role (Swiercz and Lydon, 2002; Vecchio, 2003). Hence, it could be argued that entrepreneurship increasingly *becomes* a distinct form of leadership during the growth process. Perren and Grant (2001) articulate this viewpoint, highlighting the challenges associated with building such leadership capability:

> Indeed, it appears that informal management and leadership practices are the most effective in emergent businesses. Clearly, there is a need for more formal management and leadership practices as the business grows and it is at this stage that the entrepreneur's fear and problems with delegation may have a detrimental influence on development (Perren and Grant, 2001, p. 7).

At the organisational level, life cycle models of the small business have been heavily criticised in recent years for being prescriptive and highly deterministic. However, a recent review by Phelps *et al.* (2007) provides a valuable insight into the life cycles of growing organisations in relation to more contemporary issues of knowledge and learning. In critiquing stage models of growth they emphasise that firms do not grow equally at a regular pace through a pre-set sequence of stages, nor do they share the same problems at similar stages of development. They conclude that stage models of

growth are, at best, metaphors for appreciating certain structural and contextual changes necessitated by organisational evolution. Despite these crucial caveats, an enduring legacy of stage models is the vital acknowledgement that delegation and leadership become increasingly important as small businesses evolve.

Phelps *et al.* (2007) build upon life cycle theorising to emphasise more complex, unique, path dependent and situational "tipping point" challenges that are encountered at some point during the growth process. Phelps *et al.*'s work has intuitive appeal, and one of the tipping points that they identify is the importance of managing people as the venture evolves, emphasising that effective personnel management is a prerequisite skill that small businesses need to develop and improve as they grow. As they state:

> The implications of growth is that founders and owner/managers move towards employment situations where tasks are delegated and people have to be managed, including issues of delegation, leadership, recruitment and training . . . developing the people-management skills to encourage delegation (participation and empowerment), communication and teamwork is a primary need for firms that need to make the transition from owner micro-management to larger-scale professional structures and for firms that are expanding their existing management structure (Phelps *et al.*, 2007, p. 8).

Phelps *et al.* (2007) draw similar conclusions to Perren and Grant (2001) in stressing that founders' desire to maintain control and protect "their" business inhibits the adoption of leadership practices. Such assertions have significant implications in terms of how entrepreneurs identify with leadership and the ways in which they seek out experiences that will assist in learning to lead. Drawing on contemporary theorising on leadership learning these issues are addressed in the following section.

### Learning to lead

Conceptualisations of entrepreneurial leadership are still embryonic, but it is interesting to observe that Gupta *et al.* (2004) attempt to define the attributes of entrepreneurial leaders. These attributes include intellectual stimulation, ambitious foresight, creativity, a positive and decisive mindset, intuition, and unorthodox thinking. Gupta *et al.* (2004) do not explore or even acknowledge that leadership capabilities may be learned or acquired over time. Hence, they ignore more recent acknowledgements in both the leadership and entrepreneurship literature that skills, abilities and attributes are emergent and evolving. These "attributes" seem to hark back to early trait approaches, implying that entrepreneurial leaders are born with innate leadership capabilities.

It is therefore necessary to turn to theorising within more mainstream leadership literature to appreciate the established recognition that the nurturing of leadership learning reflects informal and contextual processes of situated learning and apprenticeship (Kempster, 2006). However, despite a degree of consensus that informal learning processes are most effective in fostering leadership skills in managers, a nine-year review of research published in *The Leadership Quarterly* conducted by Lowe and Gardner (2000) concluded that: "We do not know enough about how organisational systems (including small businesses) develop leaders" (Lowe and Gardner, 2000, p. 495).

Numerous theorists concur that the dominant crucible of leadership learning is through naturalistic processes and accidental events, rather than a deliberate and consciously planned approach to development (Burgoyne and Hodgson, 1983; Davies

and Easterby-Smith, 1984; McCall, 1998; McCall *et al.*, 1988; Cox and Cooper, 1989; Jackson and Parry, 2001; Bennis and Thomas, 2002; Hill, 2003; Luthans and Avolio, 2003)[2]. Recently, both Conger (2004) and Burgoyne (2004) have re-emphasised the dominance of naturalistic experience, mainly within organisational contexts, to the processes of leadership learning and development. A long standing and yet still useful synthesis of the developmental role of experience is offered by Davies and Easterby-Smith (1984, p. 180):

> So it appears that experience – as we have all known for a long time – is the key to the development of managers: but some kinds of experiences provide more effective development than others.

Lowe and Gardner (2000), echoing the concerns of a variety of commentators (Parry, 1998; Conger, 1998, 2004; Day, 2000; Bryman, 2004; Burgoyne, 2004), argue that an in-depth, contextual understanding of the processes influencing leadership learning at the level of lived experience remains elusive. Reflecting repeated calls for more grounded, qualitative research approaches to examine these issues (Bryman *et al.*, 1988; Bryman *et al.*, 1996; Parry, 1998), Kempster (2006) explored leadership learning through lived experience with a small number of employed managers. He identified a number of naturalistic mechanisms that are prominent in leadership learning—salience and an aspired identity of leadership; variety and availability of notable people; and participative enactments of leadership in a variety of contexts. Kempster (2006) draws these aspects together to argue that leadership learning of employed managers is akin to an apprenticeship – not organised formally, but rather a complex and gradual social process of becoming a leader. Significantly, Perren and Grant (2001, p. 1) provide similar conclusions with the small business arena:

> The entrepreneurs emphasised informal mechanisms of management and leadership development, such mechanisms included: observing family members, opportunities to develop abilities in a "safe environment" like the scouts, observing and learning from observing practice and a range of different forms of mentorship.

Macpherson and Holt (2007) assert that entrepreneurial learning is experienced within an arena of social relationships that either enable or constrain growth. For the entrepreneur, "this social context places restrictions on his or her action possibilities, which are continually constructed, transformed and negotiated through relationships with those around them" (Clarke *et al.*, 2006, p. 444). Hence, an entrepreneur's success at managing a growing business is dependent on the nature and extent of their (particularly external) participative activities. Macpherson and Holt (2007) conclude that while social relationships are important at start-up, access to networks and social influences such as social, industry, professional and institutional links appear to become more significant over time. However, Phelps *et al.* (2007) acknowledge that SMEs are particularly poor in terms of recognising the relevance of, and absorbing, external knowledge, exhibiting restricted external linkages and explorative activities. As they state:

> In terms of experiential learning, while reinforcement of the known may create reliability in experience, the absence of an explorative orientation results in failure to provide variety in knowledge resources (Phelps *et al.*, 2007, p. 11).

These unique attributes and apparent limitations of SMEs identified by Phelps *et al.* (2007) make salient the question as to whether processes of leadership learning within the entrepreneurial context are different to those experienced by employed managers in larger organisations. Vecchio (2003) argues that if entrepreneurship is a distinctly different phenomenon to leadership, then patterns of results should be found that indicate trends or relationships that are different or nonexistent in entrepreneurial settings. He argues that the findings in entrepreneurship have not yet identified such nonlinear associations or disjointed patterns of results that are context-specific.

To summarise, it appears that there is limited empirical understanding of the informal processes of leadership learning of entrepreneurs. Indeed there is a dearth of examination of how entrepreneurs relate to leadership. Is it conceived as important to the success of their businesses? Do entrepreneurs value leadership in the same way as employed managers? Do entrepreneurs have the opportunity to experience leadership learning in the same way as employed managers? Given these important concerns, how then do entrepreneurs learn to lead? In light of these pertinent questions, we aim to explore whether the processes of leadership learning identified by Kempster (2006) have relevance to entrepreneurs. In so doing, we also seek to examine processes of learning to lead that are specific to the entrepreneurial context.

### Research methodology
Historically, methodological approaches to understanding both leadership and entrepreneurship have been dominated by quantitative techniques. Conger (1998) argues that in trying to produce highly-abstracted concepts and descriptions that allow for generalisation across a range of contexts quantitative methods risk superficiality by seeking breadth over depth. Alvesson (1996) is vocal in his wholesale attack of such positivistic/neo-positivistic approaches that restrict the development of rich descriptions and remain insensitive to the subtleties and situated nuances of leadership practice. In order to create "local" knowledge that celebrates subjectivity and provides detailed contextualised accounts (Steyaert, 1997), repeated calls have been made for ontologically and epistemologically coherent qualitative leadership research (Alvesson, 1996; Bryman *et al.*, 1996; Conger, 1998, 2004; Parry, 1998). Such appeals can also be heard within the entrepreneurship domain (Gartner and Birley, 2002; Hjorth *et al.*, 2008).

It is not the aim here to become embroiled in long-standing debates regarding the utility of qualitative versus quantitative research, though it is important to acknowledge that small qualitative samples do not allow for generalisability (Anderson and Miller, 2003; Kisfalvi, 2002). Nor is it the intention to set this study in direct opposition to quantitative approaches, which do have a valuable role to play, particularly in informing wider policy debates. Rather, in adopting phenomenological inquiry as the method of choice we present one such philosophically rigourous approach to understanding entrepreneurial leadership learning that can make a different yet equally valuable contribution (Cope, 2005b). As Jack and Anderson (2002) emphasise:

> The strength of a qualitative research design such as that presented here "lies in its capacity to provide insights, rich details and thick descriptions" (Jack and Anderson, 2002, p. 473).

The literature review has clarified that although there is an emerging understanding that leadership is learnt through a variety of naturalistic mechanisms, there is limited awareness of such mechanisms within the entrepreneurial context. This article makes a contribution towards revealing a deeper understanding of these informal developmental processes. Taking into account wider methodological arguments it is apparent that only through an in-depth qualitative approach can the situated lived experience of learning leadership be revealed (Bryman, 2004; Conger, 2004). Such a methodological stance locates this study within an emergent body of small business and entrepreneurship scholarship that is confident in utilising qualitative methods as its only form of inquiry/analysis (e.g. Rae, 2000; Anderson and Jack, 2002; Dodd, 2002; Jack, 2005; Kisfalvi, 2002; Cope, 2003). The study draws on the principles of interpretative phenomenological analysis (IPA) developed by Jonathan Smith and colleagues (see, in particular, Smith *et al.*, 1999) to inform both research design and data analysis. Using a qualitative approach to achieve such insights the objectives of the research were as follows:

- to understand the how entrepreneurs identify with, and relate to, the phenomenon of leadership;
- to explore at the level of lived experience mechanisms shaping leadership learning in the entrepreneurial context; and
- to examine the leadership learning processes experienced by employed managers with those of entrepreneurs.

Although an individual focus is argued to be appropriate for revealing contextual depth, it may be possible to discern common mechanisms shaping leadership learning by drawing from a collection of lived experiences. As Cope (2005b) points out, although phenomenological research works within the "context of discovery" and seeks to provide inductive and emergent theoretical propositions, this form of inquiry enables theory building as well as theory generation. "Theory building can therefore be envisaged as evolutionary and iterative, with room for continuous improvement through application in new contexts (Cope, 2005b, p. 172.) It is our intention to develop a deeper understanding of leadership learning and the processes influencing such learning from a sample of entrepreneurs taken from a variety of contexts. Such inductive theorising may then form the basis for more widespread and formal testing with larger samples.

The selection of the nine entrepreneurs was based on a convenient-purposive sampling strategy (Patton, 1990). Each entrepreneur had substantial entrepreneurial experience and a limited history of employment. Each was drawn from a range of industry sectors to provide a variety of contextual experiences. Each of the participants had achieved successful growth over a protracted period, had been self-employed for more than 15 years and had a minimum of nine employees. A profile of the participants can be found in Table I. The size of the sample of nine entrepreneurs reflected a judgement on sample repetition of characteristics or when an explanation of a dominant "mechanism" was understood (Mason, 2002). For example, it was found that despite the rich variety of different entrepreneurial contexts the nine entrepreneurs articulated repeating dominant mechanisms.

All of the participants were interviewed at their organisations, and these interviews typically lasted between 60 and 90 minutes and were taped. Interviewees were advised of the broad research theme: "How have you learnt how to lead?" The specific research

| Name | Participant profile |
| --- | --- |
| Peter (early forties) | Senior partner in a legal practice of solicitors from his late twenties. No other organisational experience than solicitors' office. The practice employs over 35 people and he has recently opened a further office to become one of the major legal practices in the district |
| James (early fifties) | Founder of a specialist recruitment consultancy specialising in engineering in the nuclear industry. Very limited employment experience with no leadership roles. Established his business in his mid-twenties and has been the only context relevant to leadership experience |
| Tom (mid-forties) | Co-founder, with his brother, of a maintenance surveying service of high-rise structures with approximately 20 full-time employees and a substantial number of consultant associates. Only one previous short term employer before establishing the business at the age of 24 |
| Michael (mid-forties) | Acquired a telecommunications market research company currently employing over 25 people, as well as being a director of a number of other business investments. Seeking to step away from his core business. Corporate consulting career before the business acquisition |
| Bob (late thirties) | Founder of a window manufacture and installation company employed approximately 70 people but has retrenched to 40 employees. Has only been self-employed and has run two consecutive businesses both of which have been successful |
| Alan (mid-sixties) | Recently retired director, who joined a family business specialising in engineering services to the nuclear industry. The business grew in excess of 200 employees and was sold to a US corporation. Now chairman of a local development agency |
| Ian (mid-forties) | Acquired a specialist training college employing approximately 40 people. Sold this business and now an executive director of a construction company. Limited organisational experience prior to the college acquisition in his late twenties |
| Nigel (mid-forties) | A graphic designer who founded his business partnership in 1998. He acquired another company that now extends to ten employees. Limited organisational experience that was at junior levels of leadership responsibility. All his experience has been in the graphic design sector |
| Patrick (early forties) | Took over his father's business, which now employs approximately 12 people. He had numerous organisational experiences but never in one organisation more than two years and never in a position of responsibility. An aspiration to lead and grow his business but little experience of leadership |

**Table I.**
Profile of the participants

questions were kept from the interviewees to limit respondent bias and allow the interviewees' stories to emerge (Saunders *et al.*, 2000; Mason, 2002). Rather, a phenomenological perspective was pursued. Participants were asked to discuss their views on leadership and then asked, with the support of the interviewer, to construct a timeline of their development as a leader, identifying influences on their development. Such influences were commonly parents, teachers, employment experiences, and most prominently experiences associated with running their businesses.

Demonstrating rigour through a careful and comprehensive articulation of data analysis is a critical issue in improving the robustness of qualitative entrepreneurship

research. As Bryman (2004) points out, too few studies elaborate on their method of data analysis. Drawing on and adapting the principles of IPA developed by Jonathan Smith and colleagues (in particular, Smith *et al.*, 1999), together with Hycner's (1985) seminal work on the phenomenological analysis of interview data, Table II specifies the different levels of phenomenological analysis and interpretation applied to the nine fully transcribed interviews. IPA is emphatically inductive and idiographic, starting with a detailed, nuanced analysis of one case and then moving to the meticulous analysis of subsequent cases (Smith, 2004).

The outcomes of this analytical process are developed in a series of emergent themes presented in the following data sections. To enable the reader to develop a detailed appreciation of the participants' experiences and to allow their voices to be heard (Eccles, 2000), the following sections include detailed engagement with, and direct quotations from, the empirical material generated from the interviews. The presentation of the data will be proceeded by a discussion of the research findings in relation to extant theorising followed by conclusions and policy implications.

### Learning to lead in the entrepreneurial context

An examination of the data reveals four dominant themes that highlight the distinctive context in which entrepreneurs learn to lead. These themes are examined in relation to Kempster's (2006) work on leadership learning in the employed context. This comparative theory-building process demonstrates leadership patterns and relationships that are specific to entrepreneurship. In so doing, this article augments extant research, which Vecchio (2003) argues has failed to identify the unique characteristics of entrepreneurial leadership. The four themes explored in the following sections are:

(1) leadership as an aspired identity;

(2) limited prior organisational experience;

(3) enacted and situated learning in the organisational context; and

(4) notable people and the dominance of parents.

### *Leadership: an aspired identity?*

Despite the clear and palpable leadership role being performed by the participants in terms of shaping the direction and actions of the organisation and its members, the nature of their relationship with leadership was very limited in the sense of identification and salience. It was striking that seven of the nine entrepreneurs, the exceptions being Aidan and Ian, had difficulty in sustaining a conversation about leadership. For example, when asked about the importance of leadership, James replied that:

> I think it is a secondary issue. I don't consciously think what I am doing is leadership. What I am doing is – well again trying to support whatever we do to make sure that the customer keeps coming back to us. We don't lose a customer.

It is apparent that implicit leadership qualities are being described here, such as supportive behaviour and the shaping of sense-making toward an emphasis on valued action. However, the interviews repeatedly meandered away from exploring leadership

| Process of analysis | Level of analysis | Description of analysis |
| --- | --- | --- |
| Familiarisation/gaining insight | Reading of the case | Reading and re-reading of the transcribed interview to gain an appreciation of the whole story and recall of the interview in both a cognitive and affective sense, thereby becoming "intimate" with the account (Senior *et al.*, 2002). Memos were captured as reflective notes on the issues identified (Patton, 1990) |
| Immersion and sense-making | Diagnosis of the case | During this process of immersion and sense-making, a "free textual analysis" (Smith and Osborn, 2008) was performed, where potentially significant excerpts were highlighted. Building out from Hycner's (1985) technique, units of meaning were identified for each transcript. The units were then grouped to form common clusters of meaning. The clusters were colour coded throughout the transcript |
| Categorisation | Developing intra-case themes | Linking the holistic reflective analysis (stage 1) with the clusters of meaning (stage 2) led to the emergence of themes that appeared to be salient to a particular interview in terms of leadership learning. This process of clustering units of relevant meaning (Hycner, 1985) led to a "master-theme list" (Smith *et al.*, 1999) for each transcript |
| Association/pattern recognition | Developing inter-case themes | With stages 1-3 completed for all interviewees, a meta-level analysis across the cases was conducted. The nine-master-theme lists were compared to identify and explain similarities and differences, thereby creating "links" between accounts (Easterby-Smith *et al.*, 2002). This involved looking for shared aspects of experience, creating superordinate categories that aggregated themes from across the accounts (Smith *et al.*, 1999). This included both general and unique themes for all the interviews (Hycner, 1985) |
| Interpretation/ representation | Writing up | This stage of analysis involved a formal process of writing up a "narrative account of the interplay between the interpretative activity of the researcher and the participant's account of her experience in her own words" (Smith and Eatough, 2006; p. 338). Although the emphasis was on conveying shared experience, this process allows the unique nature of each participant's experience to re-emerge (Smith *et al.*, 1999). To maintain an inductive, phenomenological approach to theory development, nascent theoretical propositions were written up from the data without the use of any relevant academic literature. This allowed the data to "speak for itself" (Cope, 2005b) |
| Explanation and abstraction | Enfolding literature | During the analytical discussion of the data the theory-building process of "enfolding literature" was conducted, which is required to produce a theoretical explanation at a higher level of abstraction (Eisenhardt, 1989). Hence, the research was phenomenologically grounded but also interpretative and hermeneutic. This involved an iterative and comparative process of tacking back and forth between existing theory and the data (Yanow, 2004), whilst remaining sensitive to the unique situated experiences of the participants |

Table II.
Levels of interpretative phenomenological data analysis

and how the participants had learned to lead towards the daily activities and pressing issues of the business. There was a significant degree of discomfort and unease – in a sense searching for an answer to give about a phenomenon that was not uppermost in their minds. In response to an opening question about how he had developed leadership capability, Philip stated that "until you mentioned this to me quite a while ago now, I had never actually applied my mind ... it's all rather woolly". In sharp contrast to Kempster's (2006) findings in relation to employed managers, "leadership" as an identity was not personally significant to the majority of the participants and did not form an important element of their identity aspirations, as Tom expressed. "The funny thing is I don't see myself as a leader, I don't think leader is one of the adjectives that I would label with myself."

The notion that employed managers aspire to become leaders in the public and private sectors results from an identification with leadership as a recognised and valued part of their role. This explicit drive to become a leader is significant in shaping leadership learning (Kempster, 2006). This is not the case for the large majority of the entrepreneurs studied. Leadership appeared to be low in relevance or aspiration, even appearing to have negative associations related to past experience. Rather, the participants' identities were a reflection of a professional or craft skill, or towards being accepted as a successful entrepreneur. For instance, Nigel described an incident of being given an "impossible" construction project by his managing director:

> Anyway I did that [construction project] for about eight weeks and basically I got fed up with the hassle and the fact that my managing director would not take the responsibility and hold his hand up ... He was not interested and neither was my line manager. If that's leadership you can stuff it ... So I decided to jump ship, well career change ... and went to become a salesman.

Two entrepreneurs were strikingly different – Aidan, and most notably, Ian. Both of these entrepreneurs described a greater identification with leadership and wished to be seen as a successful leader. For Aidan his childhood and early adulthood was infused with military symbols and associations with leadership through his father, his own military career and his relationship with military leaders. He commented that "there are no such things as bad soldiers, only bad officers." Aidan judged his performance and identity as a leader against this phrase that he picked up from a notable officer during his time in the military. Similarly, Ian has been exposed to a range of notable people (an issue discussed in more depth shortly) during his entrepreneurial career who have shaped his self-perceptions as a leader:

> The role I play as an individual, motivation being one of the strongest parts of it. I see my role as a motivator for people who work for me, or where I'm supposed to be providing leadership ... therefore I'm inspiring, providing motivation, being up and being enthusiastic.

In contrast to Ian and Aidan, it is fascinating to observe that the majority of the participants do not consciously think of themselves as leaders and show no great desire to be viewed as such (Nicholson, 1998). The above comment by Nigel is indicative of the negative connotations associated with previous observations of leadership in other organisational contexts shared by several of the participants. It is therefore pertinent to examine how the participants' prior experience and social interactions have shaped their appreciation of leadership.

*Limited prior organisational experience and negative role models*
The importance of career pathways to the learning process of organisational leadership has been argued in extant research (McCall *et al.*, 1988; McCauley *et al.*, 1998; Hill, 2003). A total of five of the participants had either no experience or severely limited employment experience (less than two years) within a large organisation. Tom, Brian, Phillip and Ian had no organisational experience as employees. Tom and Ian worked freelance on oil-rigs, while Phillip went directly into a solicitor's practice as a partner. As Philip openly admitted: "I'm very insular. I haven't had any other job. I've been self-employed for donkey's years, I haven't had a boss." Brian started his first business at the age of 17 and James had only five years experience in two organisations. Hence, the variety of contexts and situations open to employed managers that provide the ability to learn through observation and role enactment (Kempster, 2006) were not apparent in the previous experiences of these entrepreneurs.

A common feature among the participants was an active rejection of authority due to the perceived impositions and restrictions it placed upon them. This was a key factor in entering into the entrepreneurial process. Mark described a critical situation that triggered his need for self-expression:

> It's very rare that you can do this but in this case I actually know the moment. I was working in corporate finance at the time and I was having what might be described as a moderate career. One of the directors came to visit out of London to visit us. And he made some points which were his view of the universe and I decided they were wrong. I opened my mouth and told him they were wrong. And after that not a lot happened apart from people were surprised and [then] the phone went a few days later. My career changed overnight. I was moved elsewhere in the business. So I took a job in a small software house. It was a more entrepreneurial environment.

Interestingly, this interaction with a notable leader in his organisation did not provide an example of successful leadership that Mark aspired towards. Rather, it provided the impetus to leave his organisational career rather than be subjugated to organisational politics and hierarchies. James commented that his prior experience was limited in terms of learning how to lead. Rather, having what he described as two "bad bosses" had merely taught him how not to lead. Similarly, Nigel described a dreadful experience with a "boss" of a graphic design business, which prompted him to leave and form his own graphic design company. As he stated: "When we set up the business we both consciously made the decision of saying "'I know we are not going to do it the way we have experienced it in the past'".

These findings emphasise the significance of negative or "low-performing" role models (Scherer *et al.*, 1989) in shaping the participants' approach to leadership. It is acknowledged that individuals often start their own businesses because they feel more competent that their employers (Vesper, 1990), or because they previously worked for someone they disliked (Bird, 1989). Such negative role models are not unique to the entrepreneurial context. Although Kempster's (2006) work emphasises the widespread existence of positive role models within the employed context his participants also articulated what they felt were "unacceptable" forms of leadership, reflected in their experiences with very autocratic leaders who abused their power. It is important to stress that within the context of this research the participants do articulate more positive relational influences, particularly with regard to their family and background, an issue that will be discussed subsequently.

In summary, the majority of the participants placed limited significance on leadership learning from previous organisational experiences other than as a catalyst to move somewhere else or start their own businesses. If anything, former interactions with "leaders" had only served to highlight to several participants how not to lead. The rejection, or absence, of pursuing a career and avoiding progression along an organisational pathway appears meaningful in terms of the low personal salience and identification with leadership discussed earlier. In Kempster's (2006) terms, the entrepreneurs studied had experienced a limited apprenticeship in leadership learning. What is common to all the participants is the dominance of their business as the arena for enacted learning.

### Enacted and situated learning in the organisational context

With the exception of Ian, and to a lesser extent Aidan, the participants could not identify many events, and certainly few people, that have shaped their learning of leadership. However, the powerful prevalence of the organisation that they had created and developed was dominant in all the interviews. This context was the crucible forging their implicit approach to leading, as Tom expressed:

> As the company has grown – from day one where there was essentially my brother and myself were responsible for absolutely everything that happened in the company. Ultimately I guess we still are but things change – you delegate essentially and I guess that is the side of leadership that we have picked up along the way. Couldn't say when or give you an example, [it] just happened ... It has been a long sort of learning curve and you pick up lessons every single day.

The entrepreneurs and the businesses appeared to be delicately intertwined, representing a symbiotic example of situated learning (Lave and Wenger, 1991; Fox, 1997; Wenger, 1998). Tacitly acquired knowledge and processes of business leadership were not easily recalled, echoing findings from the experience of employed managers (Kempster, 2006). Of significance, the extent to which the participants appreciated and identified with leadership was clearly bounded, limited to feeling confident only within their specific organisational context. Philip highlights the complex relationship between self-confidence and feeling able to lead his business forward when he first started his business: "A very frightening couple of years until gradually my confidence in myself grew that I actually could do what I was meant to be doing".

The "bounded rationality" (Clarke *et al.*, 2006) of the participants was reflected in the concern they expressed about their ability to lead in other contexts, as Philip again expressed: "Put me out of context, put me somewhere in an alien environment I will not be self confident. I function well when I know what I'm doing". Similarly, Tom also felt unsure about his leadership abilities beyond the situated context of his business: "If somebody put in the right offer I would say, 'OK then'. I guess the only problem I would have is what am I going to do next? I don't know. Could I manage something else?"

It must be stressed that all the participants have experienced substantial growth and longevity of their enterprises, and this is reflected in the (largely implicit) leadership role that they have occupied. It is the absence of variety in relation to leadership practices, particularly the observation of successful leaders in other contexts, which remains significant. In stark contrast, Kempster's (2006) work demonstrates the numerous contexts and varying levels of responsibility experienced

by employed managers that augmented their leadership capability. Such abundant opportunities to practice leadership left them with few doubts about leading in alternative situations. In part, their sense of confidence was reported to stem from the notable leaders they had observed. These issues are developed in the following section.

*Notable people and the dominance of parents*
Family experiences appeared to play a fundamental role in the development of the participants' leadership behaviour, in terms of values and ethics as well as leadership style. The significant impact of parents to Patrick, Ian, Brian, Tom, Aidan and Phillip was emphasised. As Tom states: "I think by far and away my biggest influence has definitely got to be family and my background. My experiences in my formative years". Ian expresses similar views:

> But yes my father was undoubtedly a huge influence . . . but he was a very positive influence and he was a very gentle man . . . He had a lot of confidence in me, unquestionable confidence in my ability to do things and therefore he was a great influence.

For Patrick it was more a negative association as a consequence of his father's continuing influence:

> And that's the kind of philosophy I have, you expect your children to do better than you have done. I don't think my Dad quite sees it that way. Whether that is a threat or whether I know more than him and he doesn't like it and I've got the confidence that he never had, I don't know. We will see.

Such findings reflect recent research that highlights the importance of family background and the dominance of fathers in shaping entrepreneurs' approaches to business (Fuller-Love, 2006; Kirkwood, 2007). As Kirkwood (2007) states, "some male participants looked to their fathers as role models but others wanted to learn from their mistakes and to outdo them" (Kirkwood, 2007, p. 50).

These formative experiences in the family were far more prominent is shaping the participants' attitudes towards, and engagement with, leadership than findings reported with employed managers (Kempster, 2006). The findings suggest that early formative influences become more significant for individuals who have had less leadership experience in organisational contexts. Identifying positive leadership role models outside the family context proved difficult, resulting in a lack of identification with, or appreciation of, successful leadership practices. The only person that Aidan identified in relation to leadership was a particular officer he encountered during his military career:

> A guy called Arthur [surname] who was a warrant officer who was promoted in the field of the battle of El Alamein . . . He used to lead by example, he worked harder than anybody else, he always made sure that people were looked after . . . you didn't get lavish praise but you had a nod or a smile of recognition or something.

Ian was the only participant who was able to identify a number of individuals who had shaped his personal development as a leader and the way he now behaves, as he expressed when talking about a business adviser whose services he won in a competition along with £15,000:

> But it was much more than the mentoring role. This was a post you could lean against and would be helpful. It did influence me in terms of leadership and perhaps gave me the

confidence to do things . . . he was just like a mirror to me. I can learn from them. I can copy what they do because that works for me.

Ian's experiences and perceptions of leadership provide an interesting counterpoint to the other participants in terms of how he has learned to lead, particularly the range of notable people within his networks that he credits with shaping his leadership capability. As he stated: "I think that 90 per cent, the vast majority of the influences, are these leaders, are the people I have worked with." Ian also recognised more structured opportunities that he has had to develop his leadership style:

I've been on leadership courses, and assertiveness courses, MBA . . . and they have all been great. But they have all been things I've done to help me adapt and improve or reflect on what I think is right.

Ian spoke of a sense of confirmation and enhanced confidence of leading through a range of associated leadership roles and active participation in training and educational contexts. Ultimately, he placed a much greater explicit value on the role of leadership than the other participants. This strong identification with leadership reflected the much broader range of social influences that he had been exposed to and the greater variety of contexts in which he had been able to learn about leadership.

### Discussion

The underpinning theoretical stance of this research, drawn from contemporary leadership literature, is that the development of leadership capability reflects a complex social process of becoming. This learning process is inherently contextual, shaped by the range of leadership enactments and observations that individuals have access to (Kempster, 2006). Vecchio (2003) argues that research has yet to find leadership patterns or relationships that are specific to entrepreneurship. In response, this article highlights the situated idiosyncrasies of leadership learning in the entrepreneurial context, identifying a number of dominant themes that differentiate entrepreneurs from employed managers.

First, for the participants leadership was much less personally salient and not an aspired identity. In essence, they had no great desire to become leaders. Second, there were strikingly few references to significant individuals as influences on leadership learning. Third, the sample of entrepreneurs had limited prior organisational experience and career pathways with associated leadership roles and responsibilities. Finally, the "family" was clearly a very powerful symbolic framework that appeared to guide notions of leadership, serving as significant entrepreneurial role models (Scherer et al., 1989). As Kirkwood (2007) states in relation to existing research:

[. . .] the family is seldom discussed from sociological perspectives that consider how the social environment affects entrepreneurs (Kirkwood, 2007, p. 39).

More research is clearly required to understand the significance of family influences, especially in relation to entrepreneurial leadership practices.

The research emphasises that the small business is the dominant situated crucible in which entrepreneurs learn to lead. Despite becoming managers of people and resources, the entrepreneur often remains synonymous with the business (Cope, 2003; Fuller-Love, 2006). This article highlights that the very nature of this relationship between the entrepreneur and his/her business reflects a reinforcing and arguably

limiting situation with regard to leadership learning. The findings indicate that leadership development can be doubly problematic for entrepreneurs. Restricted prior organisational experience combined with the absence of observational leadership opportunities within the business hampers the ability of entrepreneurs to develop their leadership capabilities.

Extant literature on leadership learning suggests that the variety of learning situations is most prominent to the development of leadership practice (Davies and Easterby-Smith, 1984; Cox and Cooper, 1989; McCall, 1998; Hill, 2003; Conger, 2004). Kempster (2006) reports that all the employed managers in his research anchored their learning about leadership from their experience with notable people; a socialisation process that fundamentally shaped their perspectives on leadership. It appears that the experience of being employed is significant in creating both opportunities to learn from a variety of notable people and to lead projects from which feedback, both formal and informal, is given on leadership performance (McCauley, 1986; McCauley et al., 1998). The employment environment is typically much richer in examples of superiors, peers and subordinates in leadership contexts from which an individual may learn and formulate views on effective leadership. McCall et al. (1988) suggest the need for leaders to experience a range of situations to develop a rich schema and a greater range of personal leadership constructs, particularly to deal with greater scale and scope issues associated with growth and increased organisational complexity. Quite simply, these opportunities do not exist to the same extent within the entrepreneurial context.

It is important to recognise that entrepreneurs are not isolated monads (Holman et al., 1997). Rather, they are "social animals" (Jack et al., 2008), embedded in complex networks of relationships (Taylor and Thorpe, 2004; Jones, 2005). Entrepreneurs continue to rely on their networks as a crucial resource for business information, advice and problem solving (Hoang and Antonic, 2003). As Macpherson et al. (2008, p. 18) articulate, "it is the use of flexible, unstructured and socially-embedded experiences and relations that exemplify the knowledgeable and knowledge-creating entrepreneur". Johannisson (2000) reinforces this position, arguing that resourcing the entrepreneur personally as well as the business is a key function of networks and that peer entrepreneurs appear particularly significant in such learning relations. He emphasises that:

[...] external impulses remain important in the autocratically run small family business where there are by definition no peers to learn from (Johannisson, 2000, p. 372).

Such assertions reflect the growing recognition that networks represent the key learning domain for entrepreneurs (Devins and Gold, 2002; Fuller-Love, 2006; Gibb, 1997; Mäkinen, 2002; Pittaway et al., 2004). Recent work by Lee and Jones (2008) concludes that networking activity enables entrepreneurs to develop processes of shared understanding and cognitive social capital – relational assets that have a fundamental influence on their reflective learning and adaptation during social interaction.

Nonetheless, questions remain about the content derived from entrepreneurial networks (Hoang and Antonic, 2003; Shaw, 2006), and little empirical work has been done on the influence of social networks on leadership (Balkundi and Kilduff, 2006; Brass et al., 2004). This research provides only partial evidence that naturally formed networks provide an ample arena in which to learn specifically about entrepreneurial

leadership. The majority of the participants clearly struggled to identify entrepreneurial peers within their networks who had strongly influenced their approach to leadership. However, the research does highlight the importance of family ties as a crucial element of the entrepreneur's social network (Greve and Salaff, 2003), particularly when it comes to shaping perceptions of leadership. Ultimately, the existence and influence of entrepreneurial leadership role models, both positive and negative, appears significant and is a socially situated issue that requires further investigation.

To reiterate, in the employed context leadership learning can be understood as complex and prolonged process of apprenticeship (Kempster, 2006). In the frenetic "operational buzz" (Florén, 2003) of managing a small venture entrepreneurs may well engage in instrumental learning with their networks to solve more immediate business issues. However, they may not have the time or space to foster long-term developmental relationships with "close others" (Devins *et al.*, 2006) outside of their immediate environment with whom they can observe and reflect on successful leadership practices. Consequently, as with many aspects of entrepreneurial learning, leadership is learned primarily through trial and error, experimentation and making mistakes (Gibb, 1997; Cope, 2005a). This can, however, become rather problematic as Clarke *et al.* (2006, p. 443) assert:

> SMEs may move into the paradoxical situation of learning to manage a business through everyday practice, while failing to acknowledge that learning has occurred or unable to recognise either the contribution of their learning for work or the possible constraints. Such learning is unreflective and uncritical, and consequently fails to move the organisation forward or keeps the organisation at a certain stage of development without the means to take it forward.

A review of research on leadership development in SMEs by Perren and Grant (2001) highlights the problems and fears that entrepreneurs often have in relation to delegating responsibility. Nicholson (1998) argues that entrepreneurial leaders are resistant to the socialisation processes and career pathways that shape the leadership and empowerment skills of employed managers. This article supports these findings, but concludes that an important reason for this reluctance to delegate is the absence of entrepreneurial peers or role models with whom to observe the benefits of effective leadership.

Several entrepreneurial learning theorists have consequently demonstrated the value in creating explicit learning networks that remove entrepreneurs from their businesses and facilitate collaborative, peer-to-peer learning (Clarke *et al.*, 2006; Florén, 2003; Florén and Tell, 2004, Tell, 2000). By engaging in such learning networks the entrepreneur:

> [...] gets a forum where reflection is given time and attention. The network operations – i.e. exchanging experiences and knowledge – seem to stimulate a reflexive approach to both articulated and tacit assumptions on which organisational actions are taken (Florén, 2003, p. 213).

The creation of learning networks is seen as vital in helping entrepreneurs to develop their approach to leadership and this issue is discussed further in the following policy section.

The research illustrates other striking contrasts with the extant literature on leadership learning; contrasts that reinforce the exceptional leadership patterns and relationships existent within the entrepreneurial context. Leadership as a phenomenon was much less personally significant for the participants. Hill (2003) identified that managers in the employed context strongly identified with an aspiration to become a leader. This was, in part, because the identity of a leader was highly valued within their organisations. In related research Ibarra (1999) illustrated that processes of identity aspiration and identity construction were strongly related to processes of observational learning. Returning to Kempster's (2006) work, all the participants voiced a strong identification with leadership and described an explicit journey of becoming a leader during their careers. As Nicholson (1998) points out, in appreciating what makes entrepreneurial leaders different from other groups, the first important quality would be the desire to lead. As the majority of the participants did not identify strongly with leadership or see it as a crucial part of their role, to some extent the research would appear to reflect Nicholson's (1998) observation that "some appointed, elected, emergent and hereditary leaders have been dragged reluctantly into their positions" (Nicholson, 1998, p. 530).

Bandura (1986) emphasises that through a greater variety of observed people individuals develop nuanced interpretations of how to behave, and such assertions have relevance to learning about leadership. A corollary to Bandura's argument is that for entrepreneurs who have a limited range of notable people to observe they are likely to conceive leadership and its enactment in a most general and abstract manner shaped by dominant formative observed models. This has significance in terms of understanding the prominence of the family metaphor and the paternal leadership style of the participants. Such a style may be most appropriate for start-up, survival and take-off, but the demands of a maturing organisation require a more explicit and structured approach to leadership (Phelps *et al.*, 2007). As Macpherson and Holt (2007, p. 178) assert:

An entrepreneur's success at managing a growing business is dependent on the nature of their participation, how they learn from experience and the availability of a broad range of human capital in order to respond to changing contexts.

We contend that it is the very absence of access to a broad range of human capital with regard to leadership, either inside or outside the venture, which makes the entrepreneurial context unique and problematic in terms of leadership development.

We have synthesised the arguments of the discussion into a model that illustrates the factors that both shape and limit the development of leadership capability in entrepreneurial ventures, as shown in Figure 1. The model places the entrepreneurial situation at the centre influencing the outer four elements illustrating how the bounded context of the small venture inhibits leadership becoming salient to owner-managers. The situation is limited in terms of the contextual variety of roles to enact and leaders to observe. The employed context is very different – leadership is a valued aspirational identity for managers along their career pathways. The importance of salience has a catalytic affect generating greater attention to observational learning from notable others. Similarly, salience causes greater potential to maximise reflection from experiential learning through role enactments. Within the entrepreneurial
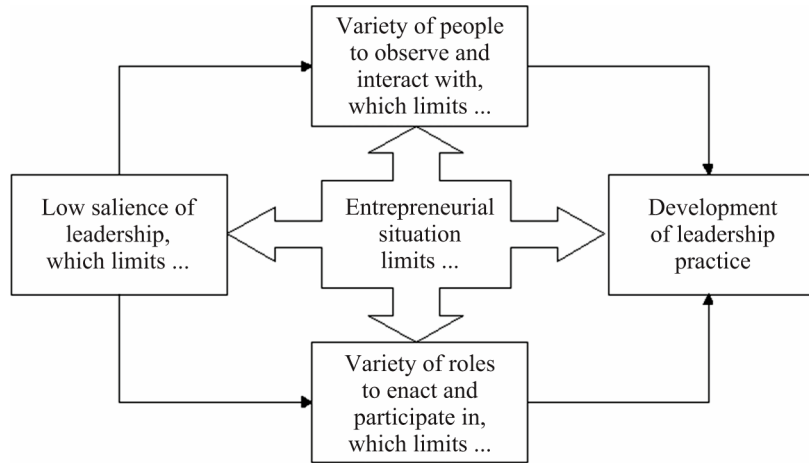
**Figure 1.**
Restricted leadership
learning in the
entrepreneurial context

context, the effect of restricted leadership salience and consequent limited learning through enactment and observation limits the development of leadership practice.

The final aspect of the article explores the policy implications of the research and makes suggestions towards intervening in the development of entrepreneurial leadership practice, building out from the entrepreneurial situation and addressing the structural limitations highlighted in Figure 1.

### Policy implications

From a policy perspective this research emphasises that there is a pressing case for more thoughtful facilitation of leadership development in SMEs. Numerous commentators articulate a degree of market failure in the provision of formalised supply-led leadership development training by public sector agencies (Devins *et al.*, 2006; Fuller-Love, 2006; Morrison, 2003; Perren and Grant, 2001; Shaw and Conway, 2000). To create more effective engagement mechanisms it is first vital to appreciate leadership learning in the entrepreneurial context as a process of co-participation (Taylor and Thorpe, 2004), a relationship-based approach in which argument, debate and collaboration is central (Holman *et al.*, 1997). As Devins and Gold (2002) assert:

> [...] in a small business community, the working of relationships in the situation of practice determines what is understood by learning (Devins and Gold, 2002, p. 113).

Extant literature in the employed context emphasises the importance of such a situated leadership learning perspective (Kempster, 2006). However, the structural disadvantages of the SME context identified in this article that stymie the observation of, and participation in, diverse leadership enactments may be mitigated through careful programme design.

There is significant value in enabling entrepreneurs to engage in meaningful dialogue, critical reflection and purposive action with their peers through the creation of leadership "learning networks" (Bessant and Tsekouras, 2001; Florén, 2003; Tell, 2000). This has the potential to facilitate the collaborative development and sharing of successful leadership practice that has direct and immediate relevance and

applicability – issues so important to entrepreneurs. Meeting fellow entrepreneurs and other practitioners who have successfully adopted powerful and observable leadership roles is critical to this process. Reinforcing the recommendations of CEML (2002), informal learning opportunities such as skill-swapping, work-shadowing, cluster and networking groups and non-executive directors may foster leadership learning relationships that give the entrepreneur choice and ownership of their own learning opportunities. More structured facilitated processes of critical reflection and shared learning about leadership such as action learning (Clarke *et al.*, 2006) and self-selected, trusted mentors (CEML, 2002; Cope and Watts, 2000; Sullivan, 2000) are also particularly relevant with regard to entrepreneurial leadership development. As Clarke *et al.* (2006, p. 450) state:

It appears that removing owner-managers from their operational environments and putting them in a situation where they discuss their business aims, a sharper strategic focus may emerge.

Ultimately, the aim of such interventions must be to help establish durable networks and positive role models that can foster leadership learning.

Perren and Grant (2001, p. 2) argue that:

[. . .] the key to supporting entrepreneurs is to join them in their world and to tap seamlessly into the activities that they would be undertaking as a normal part of running their businesses.

However, this article demonstrates that leadership is not an activity that entrepreneurs necessarily associate with or view as a necessary and "normal" part of their activities. Raising the salience of leadership and promoting identification with leadership practices is therefore an essential first step. CEML (2002) recommend a widespread marketing campaign, aimed at both entrepreneurs and intermediaries, which raises awareness of leadership challenges and provokes curiosity to reflect on one's leadership strengths and needs. Whilst potentially useful Perren and Grant (2001) identify the plethora of dislocated organisations and initiatives that are currently involved in SME leadership development. This has resulted in entrepreneurs feeling confused by the sheer volume and array of opportunities and reluctant to engage due to perceived bureaucracy and irrelevance (Morrison, 2003).

Unless the provision of SME leadership development is rationalised and given greater focus and coherence then such a marketing campaign may do little more than engender in receptive entrepreneurs an insatiable appetite to develop their leadership capabilities. The creation of regional hubs or centres of excellence, supported by strong marketing campaigns, may provide greater clarity and integration. In this respect HEIs occupy an important and visible position and are well placed to deliver effective leadership development programmes. In the UK one such example is the Leading Enterprise and Development Programme (LEAD) designed and delivered by the Institute for Entrepreneurship and Enterprise Development at Lancaster University Management School. Developed in partnership with Business Link Lancashire and funded by the North West Development Agency the programme works with cohorts of approximately 20 micro SME owner-managers, which are defined as companies with less than 20 employees. Reflecting the findings of CEML the fundamental assumption underpinning the programme is that leadership development must be contextually driven and integrated into the daily lives of the participants. Hence, LEAD involves an

ongoing evaluation process that enables a demand-led approach responsive to the participants' feedback and needs (Smith and Peters, 2006; Smith and Robinson, 2007).

The LEAD programme aims to create "relational learning" amongst entrepreneurs (Robinson, 2006, 2007) by utilising an integrated learning model incorporating four distinct learning approaches; namely taught (formal) learning, situated learning, enacted learning and observational learning. A wide range of tools are used to foster these different forms of learning including master classes, action learning sets, personal coaching, mentoring, experiential events, consultancy and business exchanges. The programme reports significant success in achieving its objectives of promoting business development and growth and facilitating the interpersonal leadership development of the participants[3]. Further research is required to appreciate the process and content dimensions of leadership learning from such interventions. It is important to examine the efficacy of various relational learning approaches and tools in stimulating critical reflection and higher-level entrepreneurial learning and the specific learning outcomes that result from such multi-dimensional programmes. The ongoing challenges and benefits that entrepreneurs experience in applying their learning back to their ventures is also an important area for longitudinal ethnographic inquiry.

Ultimately, any interventions in this field must be designed and executed with care. It would seem that the system of relationships and largely unacknowledged leadership practices that have evolved in the enterprises studied here constitute a very powerful and successful organisational resource. An increased, explicit emphasis on formal leadership practices could potentially undermine the venture's performance and sustainability by diminishing the naturalness of working relationships and disturbing the delicate ecological balance of the firm. Leadership learning is a complex naturalistic process and in this sense it is vital to join entrepreneurs in their world. Simplistic, "top-down" prescriptions for intervention (Devins and Gold, 2002) must be replaced by forms of facilitation that celebrate the contextual diversity and richness of SMEs, particularly the interwoven learning relationship between the entrepreneur, the small business and the wider social environment in which entrepreneurs operate.

## Conclusion
Long-standing and insightful discussions exist regarding the commonalities between leadership and entrepreneurship (Harrison and Leitch, 1994) and yet the subject of entrepreneurial leadership has yet to receive privileged status within the small business and entrepreneurship domain. More specifically, whilst learning is gaining widespread acceptance as an integral aspect of entrepreneurial practice and study, how entrepreneurs learn to become leaders remains a penumbra. From a learning perspective, the development of leadership capability is a crucial element of the entrepreneurial learning task and this article has identified a number of distinctive contextual mechanisms that both shape and limit the leadership capability of entrepreneurs. There remains considerable scope for further research to develop and test the conceptual framework presented here, which highlights the informal and situated nature of leadership learning in entrepreneurial ventures.

Despite the apparent limited conceptual repertoires of the majority of the participants with respect to leadership they have each achieved considerable success in terms of the growth and longevity of their enterprises. It is apparent that the

participants have become leaders by virtue of their position, being encouraged to take on this role through organisational necessity. Returning to Nicholson's (1998) observations, it seems that the participants have changed their attitudes through resocialisation and adaptive learning to fit their implicit leadership role. Hence, they have "come to acquire the qualities which fit them for the experience" (Nicholson, 1998, p. 541). Importantly though, such learnt qualities, generated by the small business environment, may be restrictive in terms of the leadership abilities required for organisational growth. In order to develop leadership skills in SMEs it is first vital that entrepreneurs can capture the tacit knowledge they have with regard to leadership. As Tell (2000) stresses, the creation of learning networks that foster dialogue and reflection may help surface and augment the leadership practices at work in small ventures. Such facilitative mechanisms can serve the dual purpose of raising the salience of leadership and enabling entrepreneurs access to peers with whom they can seek to build their leadership capability.

The authors would be the first to acknowledge the limitations of the sample and the need for much more research across a broader range of entrepreneurs. In particular, given the apparent importance of prior employment experience, future samples should be designed to include a greater diversity of age and experience at start-up. In appreciating the leadership learning task that nascent entrepreneurs are faced with it is vital that further research delves deeper into the varying levels of "leadership preparedness" brought to new venture creation and organisational development (Cope, 2005a). There is also considerable merit in conducting longitudinal research that examines how entrepreneurs may grow into becoming leaders. Engaging with participants on development programmes such as LEAD before, during and at the conclusion of the programme is one such approach. This could be coupled with subsequent interaction with ex-participants in the months and years following their involvement to enable a dynamic and processual appreciation of how, or indeed if, they have evolved their leadership practices as a result of such interventions. In conclusion, becoming a leader represents a critical role transition that entrepreneurs must be willing and able to embrace and remains a developmental process that requires much deeper investigation within the entrepreneurial context.

## Notes

1. CEML was set up by David Blunkett MP and Stephen Byers MP in April 2000 to advise on action needed to improve the quality of management and leadership in the country. CEML was asked to present a report with recommendations to the Secretaries of State for Education and Skills and Trade and Industry by March 2002.

2. Such a stance reflects a learning perspective of entrepreneurship that reinforces the importance of learning-by-doing and situated practice (Cope, 2005a; Hamilton, 2004).

3. For more information on the LEAD programme, please refer to Smith and Robinson (2007).

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