

The Entrepreneurial Leader's Impact on the Organization's Performance in Dynamic Markets

AYMAN TARABISHY, GEORGE SOLOMON,
LLOYD W. FERNALD, JR., AND MARSHALL SASHKIN

AYMAN TARABISHY is a doctoral student in leadership and entrepreneurship at The George Washington University in Washington, DC.
ayman@gwu.edu

GEORGE SOLOMON is a professor of entrepreneurship at The George Washington University.
gsolomon@gwu.edu

LLOYD W. FERNALD, JR. is a professor of management at the University of Central Florida in Orlando, FL.
lloyd.ferald@bus.ucf.edu

MARSHALL SASHKIN is a professor of leadership at The George Washington University.
sashkin@gwu.edu

The road to the future is no longer the clear path it once seemed: "... we now stand on the threshold of a new age."
—Hamel [2000]

In today's connective global environment, it is impossible to isolate change by borders or industry. Whether one speaks of downsizing, rightsizing, or a transformation, no one can deny that profound changes are occurring worldwide (Schein [1990]). Researchers describe today's markets as "dynamic markets" that feature innovation-based competition, price/performance rivalry, decreasing returns, and the "creative destruction" of existing competencies (Venkataraman [1997]; Santora et al. [1999]; Teece, Pisano, and Shuen [1997]). Organizational strategies and structures that might have been effective in stable markets in the past will constrain the survival of organizations trying to compete in today's dynamic markets.

Researchers, keying in on this unprecedented business environment, have stressed that the escalating ineffectiveness of traditional approaches to organizational strategy calls for an entrepreneurial approach to enhance the firm's performance, its capacity for adaptation, and its chances of long-term survival (Brown and Eisenhardt [1998]; Bettis and Hitt [1995]). Researchers for the first time are discussing the need for a potentially new type of leadership to emerge, ready to lead organizations in the face

of these new challenges (McGrath and MacMillan [2000]; Teece, Pisano, and Shuen [1997]). Some researchers have started naming this new type of leadership as "entrepreneurial leadership" and explained that it exhibits both entrepreneurial and leadership characteristics and behaviors (Ireland and Hitt [1999]; McGrath and MacMillan [2000]; Meyer and Heppard, [2000]).

The concern and call for a new type of leadership, that is, "entrepreneurial leadership," is understandable because of the uncharted and unprecedented territory that lies ahead for businesses in today's dynamic markets. Yet is it possible to combine two distinct concepts and research fields such as entrepreneurship and leadership and create a new integrated field called "entrepreneurial leadership"? Even if it is possible to combine such concepts, then what are the characteristics of this new phenomenon and is it the sum of both leadership and entrepreneurship characteristics and behaviors? Finally, is there a relationship between this new type of leadership being called for and the type of organization needed to survive and compete in today's dynamic markets?

We first begin our discussion by examining what we mean by "dynamic markets." Second, we present an overview of a type of organizational strategy known as "entrepreneurial strategic posture" that we believe organizations need to compete in today's dynamic markets. Then we present a type of leadership that we think is needed for developing the

entrepreneurial strategic posture that the organization needs to compete in today's dynamic markets. Finally, we present our research results showing the relationship between this new type of leadership and the organization's entrepreneurial strategy.

THE STATUS OF TODAY'S MARKETS

Teece, Pisano, and Shuen [1997] describe today's markets as being "dynamic markets." They equate "dynamic markets" with "the Schumpeterian world of innovation-based competition, price/performance rivalry, increasing returns, and the 'creative destruction' of existing competencies" (p. 509). In a dynamic market the pace, magnitude, and direction of change continuously accelerate, creating complex and volatile environments. The effects of organizations competing in dynamic markets are in the mainstream of current thinking (Meyer and Heppard [2000]; McGrath and MacMillan [2000]; Ireland and Hitt [1999]; McGrath [1999]; Teece, Pisano, and Shuen [1997]; Venkataraman [1997]).

Early research posited that certain types of firms operating in these dynamic markets, specifically entrepreneurial firms, tended to take more risks than other types of firms and that these firms would also proactively search for new business opportunities (Khandwalla [1977]; Mintzberg [1973]). Miller and Friesen [1982] argued that the entrepreneurial firms were distinguished by a strong emphasis on new product innovation. Such organizations were characterized by their willingness to "innovate boldly and regularly while taking considerable risks in their product-market strategies" (Miller and Friesen [1982, p. 5]). The entrepreneurial firms that exhibited such characteristics seemed more adept and flourished in dynamic markets.

The escalating ineffectiveness of organizations operating in dynamic markets that used traditional approaches to strategy (Brown and Eisenhardt [1998]; Bettis and Hitt [1995]) discovered the need to use entrepreneurial approaches to enhance its performance, capacity for adaptation, and chances of long-term survival. Zahra [1991] stated that because of this need for entrepreneurial strategies, individual and corporate entrepreneurs assumed a more powerful and prominent role in organizations that wanted to survive and compete. The next section explains what is meant by an entrepreneurial strategy, which organizations need if they want to compete in today's dynamic markets.

THE NEED FOR A SPECIFIC ORGANIZATIONAL STRATEGY

An entrepreneurial strategic posture (ESP) is a "strategic posture" that organizational leaders adopt to implement a strategy to compete in dynamic markets. ESP represents the leader's, the founder's, or senior management's chosen strategic posture, rather than the shared values, beliefs, and norms of organizational members.

Several researchers operationalized the behavior of entrepreneurial firms as consisting of product-market innovation, proactiveness of decision-making, and risk-taking (Miller [1983]; Miller and Friesen [1983]). A firm that was truly "entrepreneurial" would exhibit high levels of each dimension. In their explanation of ESP, Lumpkin and Dess [1996] argued that it is a direct antecedent of firm performance. The three sub-dimensions of the organization's entrepreneurial strategic posture are:

- **Innovativeness:** the extensiveness and frequency of product innovation and technological leadership in order to obtain a competitive advantage for the firm.
- **Risk-taking:** the extent to which top managers are inclined to take business-related risks with regard to investment decisions and strategic actions in the face of uncertainty. At the organizational level, ESP is characterized by risky behaviors such as incurring heavy debt and/or making large resource commitments aimed at seizing opportunities in the marketplace (Lumpkin and Dess [1996]).
- **Proactiveness:** the pioneering nature of the firm as evident in its propensity to compete aggressively and proactively with other firms. Two main attributes of proactiveness are posited: 1) aggressive competitive behavior directed at rival firms (being ahead of competitors), and 2) the organizational pursuit of favorable business opportunities (Lumpkin and Dess [1996]; Stevenson and Jarillo [1990]).

The studies conducted on ESP and its effect on firm performance provided evidence that ESP is indicative of a firm's entrepreneurial intensity and performance. Wiklund [1999] also found that ESP positively related to sales growth, employment growth, and market value growth. Barringer and Bluedorn [1999], in a study of 169 manufacturing firms, found a positive relationship between ESP and strategic management that is proactive. In his 1996 study of 138 Fortune 500 firms, Zahra [1991] found that ESP correlated with the three-year average percentage of revenue

EXHIBIT 1 Visionary Leadership

Transactional Leadership Behaviors	Capable Management	How well the leader accomplishes day-to-day basic administrative or managerial tasks that are necessary for any group or organization to function well in the short term.
Transactional Leadership Behaviors	Reward Equity	The degree to which transactional leaders make clear and explicit their goals and performance expectations, and how well they deliver on the rewards they promise for good performance and goal accomplishment.
Transformational Leadership Behaviors	Communication Leadership	The ability to manage and direct the attention of others through clear and focused interpersonal communication.
Transformational Leadership Behaviors	Credible Leadership	The ability to establish trust by taking actions that are consistent both over time and with what is said.
Transformational Leadership Behaviors	Caring Leadership	The degree to which the leader demonstrates respect and concern for others.
Transformational Leadership Behaviors	Creative Leadership	The ability to create opportunities by taking calculated risks.
Transformational Leadership Characteristics	Confident Leadership	The extent to which the leader possesses and displays self-confidence, and the degree to which the leader is able to instill the same self-confidence in followers.
Transformational Leadership Characteristics	Follower Centered Leadership	The degree to which the leader sees followers as empowered partners and not as pawns to be manipulated.
Transformational Leadership Characteristics	Visionary Leadership	A leader's ability to define and express clearly a future for the group or organization.

from new products and R&D expenditure. In their study of savings and loan companies, Jennings and Young [1990] found a positive, significant correlation between objective measures of corporate entrepreneurship in banking.

In the next section, we discuss how leadership can affect the development and implementation of the organization's strategy and in particular its entrepreneurial strategic posture.

THE RELATIONSHIP BETWEEN LEADERSHIP AND ESP

A review of the general leadership and organizational literature showed the importance of how certain individ-

uals in the organizational context can influence the actions of others, both individually and collectively. Strategic management theory also stated that top-level managers have a strong effect on strategy formulation (Katz and Kahn [1978]). Wiklund [1999] argued that the strategic orientation of the chief executive officer (CEO) is likely to equal the strategic orientation of the firm.

House [1988] indicated that leadership research can be divided into micro-level research that focuses on the leader in relation to his or her subordinates and immediate superiors, and macro-level research that focuses on the total organization and its environment. House [1988] also proposed that meso-level research is needed that involves the individual leader, on one hand, and the total organization and environment surrounding the leader on the other. We suggest that the leader and their type of leadership style influence both their subordinates as well as the organization's entrepreneurial strategic posture.

In the past 30 years, the study of leadership has focused on differences in leadership styles and how they influence the organization. One of the significant differences that emerged is the distinction between two types of leadership known as transactional and transformational leadership (Burns [1978]). Transactional leadership is based on an economic, or quasi-economic, means of exchange between the leader and the followers. Also, transactional leadership focuses on behaviors related to basic administrative and management tasks required for groups to function well in the short term. These behaviors include ensuring followers have the knowledge, skills,

and resources required to accomplish their tasks (Rosenbach, Sashkin, and Herberg [1996]).

Transformational leadership, on the other hand, is based on the leader's ability to recognize the followers' needs, demands, and motivation as well as satisfy the followers' higher-level needs in a way that utilizes that full potential of the individual. Transformational leaders create change in organizations through behavioral patterns that are different than those exhibited by transactional leaders (Bennis [1980]; Conger [1989]; Conger and Kanungo [1987]; Sashkin [1990]).

In this article we use Sashkin and Rosenbach's [1998] definition of transactional and transformational leadership. They have drawn extensively on the leadership

research, especially the work of Bennis [1984], and have developed an overall integrative approach to leadership known as Visionary Leadership Theory. Sashkin and Rosenbach [1998] defined transactional and transformational leadership measures through their Visionary Leadership Theory as: communication, trust-building, caring, and creating empowering opportunities for behaviors and self-confidence, empowerment, and vision for characteristics. The contextual factor is culture. See Exhibit 1 for a better explanation.

In this article we suggest that organizations that exhibit an entrepreneurial strategic posture may have CEOs that exhibit similar leadership characteristics and behaviors as described by Sashkin and Rosenbach [1998]. The potential of identifying and reliably measuring these leadership characteristics and behaviors may help define and operationalize the concept of "entrepreneurial leadership" and how this can help develop the organization's strategic posture and in turn the organizational performance.

In the following section we present our study and results showing the relationship between the organization's entrepreneurial strategic posture and the CEO's leadership style.

METHODOLOGY

Research Design

The design used in this study was an exploratory investigation examining the relationship between the CEO's leadership style and the organization's entrepreneurial strategic posture.

Research Questions

H_1 : Is there a relationship between the leaders' transformational leadership behavior scores and their organization's entrepreneurial strategic posture?

H_2 : Is there a relationship between the leaders' transformational leadership characteristics scores and their organization's entrepreneurial strategic posture?

H_3 : Is there a relationship between leaders' transactional leadership scores and their organization's entrepreneurial strategic posture?

Instrument

To test the above hypotheses, two instruments were used: the Covin and Slevin [1989] Entrepreneurial Ori-

entation (EO) Questionnaire to measure the organization's strategic posture and Sashkin's [1995] questionnaire, the Transformational Leadership Profile (TLP) to measure the CEO's leadership style.

The EO scale was first operationalized as a survey instrument by Covin and Slevin [1986] as a six-item, seven-point Likert scale measure. Adapted from Miller and Friesen [1982] and Khandwalla [1977], it aggregates the three dimensions of entrepreneurship discussed by Miller [1983]. It was subsequently expanded from six to nine items (Covin and Slevin [1988]).

In this study we used Covin and Slevin's [1989] instrument, which has nine seven-point Likert-type scales. The mean of ratings by top management on the EO were used as a measure of degree of EO. The higher the score, the greater the degree to which the firm is entrepreneurially oriented or has a high degree of entrepreneurial strategic posture (Covin and Slevin [1989]). The first three items on the scale assess a firm's tendency toward innovation. The second three items assess the proactive orientation of the firm. The final three items assess a firm's risk-taking propensity (Covin and Slevin [1989]).

Covin and Slevin [1989] employed factor analysis to assess the scale's dimensionality or "factorial validity." According to Allen and Yen [1979], factorial validity is a form of construct validity. High loadings on a single factor suggest that although the items focus on different aspects of strategic posture, they are empirically related and constitute a uni-dimensional strategic dimension (Covin and Slevin [1989]). All nine items loaded above 0.5 on a single-factor (average loading = 0.66), demonstrating that it is appropriate to combine these items into a single scale (Covin and Slevin [1989]).

The TLP is a 50-item questionnaire consisting of statements answered using five-point Likert scales. Responses are based on how characteristic each item is of the leadership behavior of the focal individual and range from "to a very great extent" to "to little or no extent." The instrument measures both the transactional and transformational leadership dimensions. Each scale consists of five items. Transactional leadership is measured using two scales (scales 1 and 2). Transformational leadership is measured using the remaining eight scales. These eight scales are further subdivided to measure different aspects of transformational leadership. Four scales (scales 3 through 6) measure four different transformational leadership behaviors. Three scales (scales 7 through 9) measure personal characteristics necessary for transformational leaders to positively affect their group or organization. A final scale

EXHIBIT 2

TLP Leadership Dimensions

Measures	Scale
Transactional Leadership	1. Capable Management
	2. Reward Equity
Transformational Leadership Behaviors	3. Communication Leadership
	4. Credible Leadership
	5. Caring Leadership
	6. Creative Leadership
Transformational Leadership Characteristics	7. Confident Leadership
	8. Follower-Centered Leadership
	9. Visionary Leadership
Culture Building	10. Principled Leadership

(10) assesses leaders' culture building activity. Exhibit 2 depicts the leadership dimensions and the associated scales.

TLP item-scale reliabilities using Cronbach's alpha, a measure of the strength of the relationship among items that make up a particular scale, are generally good to excellent. Test-retest reliabilities for the TLP have been performed on two databases (Sashkin [1996]). These analyses provide test-retest reliabilities for the TLP. Results indicate significant test-retest reliabilities on the order of 0.5 or greater (Lafferty [1998]).

Factor analyses have been performed on several databases to determine construct validity of the TLP. Through these analyses, construct support for both Visionary Leadership Theory and the TLP was obtained. An extensive discussion of this subject is presented in Sashkin [1996] and Lafferty [1998].

Concurrent validation studies have been conducted to examine the strength of TLP with regard to organizational effectiveness. Several studies have been conducted in the educational, religious, and business environments (Sashkin [1996]). High scores of the TLP have been linked with such effectiveness measures as the test scores of high school students, organizational culture measures, and organizational performance (Lafferty [1998]).

Sampling

The population for this pilot study was CEOs and their senior managers of companies located in the Washington D.C. Metropolitan Area. Leaders that participated in the study were asked to complete Covin and Slevin's [1989] Entrepreneurial Orientation (EO) Questionnaire and Sashkin's [1995] questionnaire, the TLP. Both ques-

tionnaires were presented in online form and the web address (url link) was sent to each CEO. In addition, each leader was directed to provide the url link of the TLP and the EO instrument to five associates who regularly and frequently interacted with the leader. This procedure was used to avoid same-source bias that would be introduced if the leaders' perceptions alone were used as the basis for both the leadership measures and the entrepreneurial orientation assessment.

Data Analysis

The statistical software used for the analysis was SPSS. The primary analysis was to examine the relationship between the leadership measures and the organizational entrepreneurial orientation. These relationships were examined using correlation analyses.

The primary analysis tested for significant relationships between the TLP scores, as reported by associates, and leaders' perceptions of the organizational EO. A correlation analysis was used to determine the level of association between the transactional (H1) and transformational (H2 + H3) leadership measures and organizational EO.

R2 was calculated between leaders' EO and top managers' reports of the leader transactional and transformational behaviors. The advantage of this procedure is that it eliminated same source data bias. However, top managers' EO scores may represent a better measure of an organization than does the CEO's perception of EO. Therefore a second analysis was used. CEOs were categorized as "in-agreement" with top managers on TLP scores or as "not-in-agreement" based on the population defined by Atwater and Yammarino [1992]. For the "in-agreement" subgroup a correlation was calculated between CEO's TLP and the average of top managers' EO scores. This again limited same source data bias while making use of the most directly relevant data scores to assess EO and TLP.

RESULTS

Exhibit 3 presents correlations among the CEO's EO scores and his/her TLP scores, as reported by his/her top managers' perceptions. As can be seen from the correlation exhibit, the CEO's EO scores strongly correlate with his/her TLP scores as reported by his/her

EXHIBIT 3

CEO's Scores as Reported by Their Managers

		CEO Transactional leadership, (associates perceptions)	CEO Transforma- tional behavior (associates perceptions)	CEO Transformational characteristics (associates' perceptions)	CEO's Transfor- mational leadership (associates' perceptions)
EO- INNOVATION	Pearson Correlation	.974	.961	.955	.962
	Significance (2-tailed)	p < .001	p < .001	p < .001	p < .001
	N	10.00	10.00	10.00	10.00
EO- PROACTIVITY	Pearson Correlation	.984	.957	.946	.958
	Significance (2-tailed)	p < .001	p < .001	p < .001	p < .001
	N	10.00	10.00	10.00	10.00
EO-RISK	Pearson Correlation	.972	.957	.941	.955
	Significance (2-tailed)	p < .001	p < .001	p < .001	p < .001
	N	10.00	10.00	10.00	10.00
EO-TOTAL SCORE	Pearson Correlation	.984	.984	.955	.962
	Significance (2-tailed)	p < .001	p < .001	p < .001	p < .001
	N	10.00	10.00	10.00	10.00

top managers' perceptions.

Exhibit 4 presents correlations among the CEO's TLP scores and the organization's EO scores, as reported by his/her top managers. As can be seen from the exhibit, the CEO TLP scores strongly correlate with the organization's EO scores as reported by his/her top managers.

DISCUSSION

The results of the study show a relationship between the organization's entrepreneurial strategic posture and the CEO's leadership style for both transactional and transformational. If researchers and practitioners are stating that organizations need to have an "entrepreneurial leader" to lead such organizations in today's dynamic markets, then one can argue that these "entrepreneurial leaders" are leaders that exhibit both transformational and transactional leadership characteristics and behaviors.

These leaders or "entrepreneurial leaders" can help organizations by creating and implementing an organizational strategy that is entrepreneurially oriented, which

therefore exhibits proactiveness, innovation, and risk-taking. As research has shown, organizations that exhibit an entrepreneurial strategic posture have performed better in dynamic markets.

The implications of finding and identifying certain leadership traits and behaviors that are related to company success through its entrepreneurial strategic posture will help organizations understand their needs in order to compete in today's dynamic markets. Organizations, for instance, that are in pre-IPO may require a leadership style that promotes a balanced approach to innovation, risk-taking, and proactiveness, while organizations that are post-IPO may require a different strategic balance that promotes more innovation than risk-taking. Also, practitioners of high-risk lending may be interested in methods of assessing the CEO's entrepreneurial leadership capabilities and tendencies (both transactional and transformational) that can be moderated.

Venture capitalists can recommend to CEOs to be less risk-taking and more proactive or innovative. This approach of influencing the organization's strategy by

EXHIBIT 4

CEO's TLP Scores and the Organization's EO Scores as Reported by Their Top Managers

		CEO Trans- actional leadership	CEO Trans- formational behavior	CEO Transformational characteristics	CEO Transfor- mational leadership
EO- INNOVATION by associates	Pearson Correlation Significance (2-tailed) N	.717 p <.02 10.00	.777 ns 10.00	.789 p <.01 10.00	.726 p <.02 10.00
EO- PROACTIVITY by associates	Pearson Correlation Significance (2-tailed) N	.724 p <.02 10.00	.826 p <.01 10.00	.798 p <.01 10.00	.731 p <.02 10.00
EO-RISK by associates	Pearson Correlation Significance (2-tailed) N	.705 p <.03 10.00	.813 p <.01 10.00	.793 p <.01 10.00	.697 p <.03 10.00
EO-TOTAL SCORE by associates	Pearson Correlation Significance (2-tailed) N	.704 p <.02 10.00	.810 p <.01 10.00	.793 p <.01 10.00	.704 p <.03 10.00

moderating the various transactional and transformational leadership tendencies of the CEO through consultation, training, and mentoring can influence and potentially improve the likelihood of higher returns on their investment ventures. This approach can also be used to find the top management team of an organization who can make unique contributions (transactional or transformational leadership approaches) to the organization's strategy.

Finally, as the results indicate that there is a relationship between the CEO's transactional and transformational characteristics and behaviors with the organization's entrepreneurial orientation, we would like to argue that transformational leadership characteristics and behaviors more than transactional characteristics and behaviors may have a stronger relationship on the organization's entrepreneurial strategic posture. The argument is as follows, broken down by each transformational leadership characteristic and behavior:

Transformational Leadership Characteristics

Confident Leadership. Sashkin and Rosenbach [1998] argued that the first and perhaps most basic characteristic of transformational leaders is self-confidence. That is, why would a person who lacks self-confidence bother to attempt to transform people and organizations? More important, a primary means by which these leaders transform followers into more self-directed leaders themselves is by creating empowering situations in which followers' successes build their self-confidence. In other words, transformational leaders need self-confidence not only to engage in such leadership to begin with, but also in order to transform followers into self-confident leaders. Therefore, it can be argued that an organization that exhibits a strong or high entrepreneurial strategic posture is largely based upon the prevalence of confident leadership and the transformation of its staff into self-directed leaders.

Visionary Leadership. In the Sashkin and Rosenbach [1998] approach, vision is based on the ability to first mentally and then behaviorally construct the future. Leaders do this by thinking through what is happening, by determining causes, and by identifying how complicated chains of cause and effect actually work. Only then can a person figure how to bring about desired outcomes. Visionary leaders don't simply arrive at a vision and sell it to followers. The idea of vision aligns well with the organization's entrepreneurial strategic posture, meaning that the leader can develop a clear vision and communicate it to their staff, which will allow the organization to be more proactive, innovative, and risk-taking.

Transformational Leadership Behaviors

Creative Leadership. The creative leadership behavior dimension is called "creative" because it refers to the extent to which leaders create opportunities for followers to be empowered and succeed in achieving goals in which they have been empowered. This concept aligns well with the organization's entrepreneurial strategy. If the leader of the organization achieves the right balance, then their staff will be more likely to take more business risks and be more proactive, which then translates into the organization being more entrepreneurial-oriented.

Credible Leadership. Leaders establish trust by taking actions that are consistent both over time and with what the leader says. Trust, of course, exists in the minds and hearts of followers and is not an obvious aspect of leader behavior. But consistency over time and between words and actions produces trust in followers by establishing the leader's credibility. If the organization embarks on risk-taking initiatives, it might represent the strong staff trust of the leader.

Principle-Centered Leadership. Schein [1985] has observed that it may be that the only really important thing leaders do is construct culture. Principle-Centered Leadership is the degree to which a leader is effective in inculcating values and beliefs designed to shape an organization's culture. The relationship between Principle-Centered Leadership and the organization's entrepreneurial strategic posture is that organizations that exhibit high or strong entrepreneurial orientation also may exhibit a strong or high Principle-Centered Leadership. The values and beliefs of the staff and leader drive them to be more innovative, risk-taking, and proactive.

CONCLUSION

One might question whether "entrepreneurial leadership" is truly a new style of leadership, an escape from management, or both. Since the 1980s, the concern has been that major business corporations have lost their competitiveness. It is argued that the organizational archetype of the future will be entrepreneurial. Its leadership, strategies, and structure reflect entrepreneurial thinking.

The findings of this study, i.e., the relationship between transactional and transformational leadership styles and the organization that exhibits an entrepreneurial strategic posture, represent an attempt to both reveal the commonality of these two fields of study and to provide a basis for further studies on entrepreneurial leadership. Clearly, much remains to be done in clarifying the role and characteristics of tomorrow's leaders. New organizational designs, new thinking patterns, and new information systems will require new leadership styles. Entrepreneurial leadership may offer one answer.

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**THE FABRICATION OF
ENTREPRENEURIAL FABLE:
A Biographical Analysis** 8

ROBERT SMITH

Stories about famous entrepreneurs are often used to form our basic views of the field. Yet how accurate are these stories? What are the common themes that run through most? The author employs biographical analysis to posit the constructs of the stories about these fabled entrepreneurs. The difference between the stories entrepreneurs tell about themselves and the stories biographers tell about entrepreneurs is explored.

**THE ENTREPRENEURIAL LEADER'S
IMPACT ON THE ORGANIZATION'S
PERFORMANCE IN DYNAMIC
MARKETS** 20

AYMAN TARABISHY, GEORGE SOLOMON,
LLOYD W. FERNALD, JR., AND MARSHALL SASHKIN

The focus of this research is to examine similarities and differences between the fields of leadership and entrepreneurship and create a working definition of the "entrepreneurial leader." As knowledge and information become the new sources of power in today's dynamic markets, organizations must cultivate a new form of entrepreneurial leader that can maximize their companies' capabilities. The entrepreneurial leader lends his or her vision, leadership style, and strategy to the very essence or core of the business. This individual is a major independent variable influencing the outcome and success of the business.

**TRANSITIONING FROM AGGRESSIVE
ACQUIRER TO EFFICIENT OPERATOR** 30

THOMAS C. ANDERSON AND H. WAYNE POSEY

While much has been written about maximizing shareholder value through the acquisition process, relatively little has been written about quickly transitioning a company

from an aggressive acquirer to an efficient operator of assets it's already acquired. This article describes certain triggering events that make such a transition necessary and illustrates that the transition can be effective when acquirers-turned-operators 1) analyze fast and proceed quickly, 2) establish efficient infrastructure, and 3) cultivate the right team to initiate cultural change. It also portrays the promise of renewed growth strategies, but in the future based on efficient operating models. These concepts are illustrated through the case example of InterDent, in 2002 the nation's largest dental practice management company, and at the time in the midst of such a transition.

**VENTURE INVESTING IN INDIA?
THINK TWICE.** 35

SHASHANK SINGH, SHAILENDRA J. SINGH,
AND ASHOK DYLAN JADEJA

Of late, a number of major U.S. VC funds have shown active interest in investing in India. Based on primary research involving major U.S. funds, the authors believe this interest has "bubble"-like characteristics. This article presents evidence to suggest that: 1) new investors are likely to exacerbate the existing capital overhang; 2) the limited supply of deals poses challenges; and 3) returns expectations are out of step with historical performance. Based on their observations and experiences, the authors have also outlined possible operating and investing philosophies for India that are likely to improve the chances of a successful investing experience.

PIPES: A CANADIAN PERSPECTIVE 41

CÉCILE CARPENTIER, JEAN-FRANÇOIS L'HER,
AND JEAN-MARC SURET

In the U.S., private investment in public equity (PIPE) is thriving. In Canada, the PIPE market also appears to be expanding rapidly, although evidence is scarce. The Canadian institutional context has generated a large pool of public stocks, with real but relatively minor financing requirements. The regulatory structure is also distinctive since private equity is viewed by policy makers and reg-