ENTREPRENEUR LEADERSHIP AND NEW VENTURE PERFORMANCE – AN EMPIRICAL INVESTIGATION ON THE MODERATING ROLE OF NEW VENTURE CONTEXT (SUMMARY)

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SUMMARY

ENTREPRENEUR LEADERSHIP AND NEW VENTURE PERFORMANCE – AN EMPIRICAL INVESTIGATION ON THE MODERATING ROLE OF NEW VENTURE CONTEXT

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Principal Topic

Leadership style of the CEO is pivotal for the performance of any firm (Waldman et al., 2001; Podsakoff et al., 1996). Despite this effect found in studies throughout established companies (Tarabishy et al., 2005), both entrepreneurship as well as leadership scholars paid limited attention to entrepreneur leadership and its outcomes within new ventures (Ensley et al., 2006; Daily et al., 2002; Jensen & Luthans, 2006). Little research has emerged since the first call for expanding the study of leadership towards new ventures (Miller & Friesen, 1984). Until today, no study responds to the calls by Antonakis & Autio (2006), following Vecchio (2003) and Yukl (1999), for a context-focused investigation of the leadership-performance link within new ventures.

With contemporary thinking about leadership focusing on a) transformational and b) transactional leadership, already Bass (1985) highlighted contextual factors as potential moderators of leadership effectiveness (Pawar & Eastman, 1997). Focusing on new ventures only, this paper integrates individual-level leadership behavior with contextual-level factors in explaining performance differences. Drawing on contingency theory (Burns & Stalker, 1961; Fiedler, 1971), we expand the limited knowledge about leadership in new ventures by paying particular attention to the moderating role of entrepreneurial context.

Method

In autumn 2009, we received about 350 qualified dyadic responses from new ventures with a maximum age of 12 years. Each response consists of one survey completed by the entrepreneur, and another survey on his/her leadership style completed by an employee. This dyadic design minimizes common method bias and ensures non-inflated leadership ratings. In order to control for size and age effects, we generated an additional equally sized sample consisting of established companies.

Results and Implications

We determine how transformational and transactional leadership influence organizational-level and employee-level performance measures in new ventures. By empirically testing a wide range of new and important contextual boundary conditions to this leadership-performance link in the setting of new ventures, we derive valuable recommendations for entrepreneurial training. With this support, entrepreneurs are able to better overcome the well known challenge of leading employees (e.g. Greiner, 1972), which helps them to proceed successfully in their development and to achieve higher probability of survival.

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