Exploring Distributed Leadership in the Small Business Context

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Entrepreneurial ventures are often established, controlled and led through the commitment of individuals. This article problematizes the nature of the form of leadership relevant for the small business as it matures. In this way, it explores the temporal dimension to the appropriateness of distributed leadership in the context of the entrepreneurial business. The authors critique the opportunity that distributed leadership can bring to the maturing business. They illuminate a dilemma for entrepreneurs as to whether they should give up control for a broader distributed process of leading or continue a practice of leading that resonates with their essence of being entrepreneurial – independent, controlling responsive and opportunity driven. This dilemma is addressed by suggesting the contextualization of distributed leadership may offer the maturing business. The article concludes by reviewing development approaches that contextualize intervention and suggests a research agenda to contribute to a greater understanding of how leadership can become distributed in the maturing business.

Crisis . . . what crisis: exploring leader–follower relationships in the maturing small business

The characteristics and determinants of growth in small and medium enterprises (SMEs) have been and will continue to be a focus of much debate and desire (McKelvie and Wiklund 2010). The policy implications are most striking. If we can identify the causes of growth and be able to intervene to take purposeful action, economic development and job creation hopefully will ensue (Leitch *et al.* 2010). Greiner stimulated a most helpful introduction to issues of growth in small business. His simple argument suggested periods of growth punctuated by periods of crisis. The first of these crises was the 'crisis of

leadership' (Greiner 1972). Cope identified that at a micro-stage the entrepreneur is more than just a leader. He/she is also a marketer, a sales representative, a public relations officer, a financial controller and so on, occupying numerous roles and wearing many different hats simultaneously. 'As the organization grows in size and complexity, with primary functions delegated, then the entrepreneur should evolve into a primarily leadership role. Hence, it could be argued that entrepreneurship increasingly *becomes* a distinct form of leadership during the growth process' (Kempster and Cope 2010, p. 14). Perren and Grant (2001) highlight many 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. (p. 7).

From an organizational perspective 'life cycle models of the small business have been heavily criticized in recent years for being prescriptive and highly deterministic' (Kempster and Cope 2010, p. 16). A most useful critique by Levie and Lichtenstein (2010) illustrates that, in a review of over 100 articles theorizing about stage models, there was 'no consensus on basic constructs of the approach and no empirical confirmation of stages theory' (2010, p. 317). Rather, they suggested that emphasis should be given to the notion of a 'dynamic state between the entrepreneur, her or his organization and the niche market' (2010, p. 337). Macpherson *et al.* make a related point in regard to the linearity of stage models (Macpherson *et al.* 2004, p. 161). Through a case study, they illustrated a crisis associated with leadership, but also a concurrent crisis of knowledge. The combinations of both crises were overcome by evolving towards strong intra- and inter-organizational relationships enabled by structural changes (p. 174). In this article, we wish to use the argument outlined by Phelps *et al.* (2007) that stage models of growth are, at best, metaphors for appreciating certain structural and contextual changes necessitated by organizational 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 (Kempster and Cope 2010). Phelps *et al.* identify the notion of tipping points, they comment:

> 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 micromanagement to larger-scale professional structures. (Phelps *et al.* 2007, p. 8)

It is noted by Phelps *et al.* (2007) in a similar way to Perren and Grant (2001) that the founders need to keep control and protect 'their' business, and this inhibits the adoption of leadership practices. The commitment and energy of the founding entrepreneur shaping and controlling resources, which reflect the success ingredients of survival, become the nemesis to growth. A dilemma emerges. There is a necessity to change the approach to leading, to change the nature of the leader–follower relationship. There is a need to develop the entrepreneurial team and distribute leadership activities. But this change has major implications for the entrepreneur in terms of 'letting go' when they seek to protect their business – particularly if the letting go is towards an alien notion of leadership. That alien notion is of distributed leadership and entrepreneurial teams. It is this dilemma and how to address the dilemma in terms of intervention that the article addresses.

There is a growing body of literature that has identified that ventures that are formed and developed as entrepreneurial teams demonstrate greater growth than individually led businesses (Francis and Sandberg 2000; Gimmon 2008; Harper 2008; Lechler 2001; Vyakarnam and Handelberg 2005; Vyakarnam *et al.* 1999). Reich's comment remains most relevant that 'economic success comes through the talent, energy, and commitment of a team' (Reich 1987, p. 77) rather than through the solo efforts encouraged by 'the myth of the entrepreneurial hero' (Reich 1987, p. 82). Gartner *et al.* (1994, p. 6) commented that 'the entrepreneur' in entrepreneurship is more likely to be plural, rather than singular. The locus of entrepreneurial activity often resides not in one person, but in many'. Vyakarnam *et al.* (1999) suggested that there is ample anecdotal evidence, as well as an emergent body of literature which examines the role of entrepreneurial teams in the success and growth of businesses centrally based around building and managing a team to deliver the business vision. Further, Chell and Tracey (2005) have advocated that notions of trust and mutual respect provide an important link between the development of entrepreneurial teams and the emergence of distributed leadership. Cooney (2005) encapsulates the argument: 'It is arguable that despite the romantic notion of the entrepreneur as a lone hero, the reality is that successful entrepreneurs either built teams about them or were part of a team throughout' (2005, p. 226). In a sense, this may suggest that a change of approach to leading may occur during the life cycle of the business; such a change may be associated with, or triggered through, the crisis of leadership.

It should be noted that there is a dearth of research that explores leadership in context generally (Currie *et al.* 2009; Liden and Antonakis 2009) and in particular within the SME context; and even less in regard to notions of distributed leadership and entrepreneurial teams within established small businesses (Sapienza *et al.* 1991). We have very little empirical understanding of how the transition from 'heroic' lone entrepreneur to entrepreneurial team occurs: in essence, how is the crisis of leadership addressed?

This article examines this question through four sections. The first is the foundational issue of defining leadership – we address this through the work of Mary Uhl-Bien (2006), where leadership can be seen through the lens of relationships as both an individual entity and as a process. The second is a critique of a dialectic which often captures leadership as an either/or – heroic leadership and distributed leadership. For example, the context of SME environments is seen to be dominated by the heroic approach to leading (Ensley *et al*. 2006). The third explores an emerging understanding of limitations on leadership learning within the entrepreneurial context – the constraints on developing distributed leadership within the SME context. Finally, we conclude by reviewing forms of intervention which have been evaluated as relevant to the SME context. Such intervention suggests the importance of addressing the leader–follower relationship in terms of both the entrepreneur and the employees.

A significant thread that holds together the various elements of literature under review is leader–follower relationships. We argue that the dilemma that is centred on the crisis of leadership can be addressed through the mechanism of leader–follower relationships. Accordingly, we commence with our interpretation of leadership as viewed through a relational lens. Such a perspective makes salient the importance of context to relationships. Currie *et al*. (2009 and similarly Liden and Antonakis (2009) have made explicit the limited extant research and debates exploring leader–follower relationships, and in particular from an 'organisational field' perspective: a meso-level approach (Currie *et al*. (2009, p. 666). Drawing on neo-institutional theory related to leader–follower relational attributions (notably from Crosby and Bryson 2005) they highlight how practices, conventions and procedures are affected by organizational fields. In the SME context such organizational field influence are the expectations within sectors (for example, construction, engineering, recruitment, accountancy). As a consequence, our emphasis to leader–follower relationships draws on both an expectation of intra-organizational influence and organizational field influence.

Prior to examining the notion of relational leadership, we wish to clarify our definitional terms. Throughout the article, our perspective of entrepreneurship is viewed through a social learning lens reflecting the late Jason Cope's major contribution to the field of 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)

When we speak in this article of leader–led relationships, we are assuming the leader as individual – reflecting the sense of individual leader leading one or more people; in the context of this article, this is equated with entrepreneur-led. When we speak of distributed leadership, we emphasize a sense of leading and following – a relationship that is not restricted to a specific person, identity or role, but more to processes undertaken by people. In this way, we avoid the potential oxymoron of a distributed leader–led relationship. A most useful definition which encapsulates this discussion is provided by Gronn (2002). He suggests that many notions of leader–follower relationships have been a prescribed expected dualism of leader–led structures. In helpful contrast, Gronn suggests a broad described perspective to distributed leadership encompassing 'not merely the structuring influence of numerous individuals, but three forms of concertively patterned and reproduced activity-based conduct, each representing varying degrees of structural solidity: spontaneous collaboration, intuitive working relations, and institutionalized practices' (pp. 446–447). How this would become manifest in the SME would be a role for the entrepreneur in guiding and nurturing the development of distributed leadership. In particular, the role supports the engagement of more people in decisions, enabling collaboration and designing institutionalizing structures and practices. The development challenge lies not only with the entrepreneur, but also with employees, suggesting a significant change in the leader–follower relationship. The development pathway to address the relationship movement from leader–led to distributed leadership for the entrepreneur and employees is outlined later in the article.

The focus of the article is on the entrepreneur, seen in this context as an owner-manager with significant ownership of a small business and freedom of action unrestrained other than the constraints imposed by the owner-manager. The SME is thus similarly defined above through ownership and control by the entrepreneur. Although there are numerous definitions available for these terms, we anchor our

definitions to the issues being considered in this article – namely exploring the development of distributed leadership in the small-business context.

Defining leadership through a relational lens

Before examining and contrasting notions of both individual leadership and socially dispersed distributed leadership, we wish to clarify the wider perspective that informs an understanding of entrepreneurial leadership. A growing body of work recognizes the 'sociology of enterprise' (Zafirovski (1999), where entrepreneurship is relationally and communally constituted (Fletcher 2006). As Downing (2005) reminds us, 'entrepreneurship like the rest of social life is a collaborative social achievement. The actors involved draw upon their experience and knowledge of institutionalized and canonical forms to make and remake what "small business" entails' (p. 196). Such an 'embeddedness' perspective of entrepreneurship forces us to recognize the centrality of participation where multiple conversations, dialogues and interpersonal communications shape entrepreneurial practice (Devins and Gold 2002). Entrepreneurial leadership can be seen to emerge within this context in the form of 'pragmatic settings of everyday activity' (Thorpe 2008, p. 116).

We therefore set this article within this perspective and embrace wider sympathetic leadership literature to argue that entrepreneurial leadership is learnt through social interaction in which idiosyncratic experience produces variation in leadership conception (Kempster 2006). Yet, at a high level of abstraction, the phenomenon of leadership is argued to have global presence (House *et al*. 2004). Increasing consensus suggests that leadership is seen as a 'social and relational influence process that occurs within a social system' (Parry 1998, p. 87; consolidating discussion from range of commentators, notably Hunt 1991; Locke *et al*. 1991; Yukl 1998; in addition, such a view has been more recently echoed by Bess and Goldman 2001; Osborne *et al*. 2002; Zaccaro *et al*. 2001). Key aspects of significance are the emphasis on social, contextual, processual and relational aspects of leadership. A recent (re)conceptualization of leadership through a relational lens by Uhl-Bien (2006) captures these dynamics. She usefully suggests that a 'relational orientation starts with processes and not persons, and views persons, leadership and other relational realities as made in process'

(p. 655). Her argument is to establish an overarching framework which can embrace two sets of competing ontological (and epistemological) positions on leadership: the individual or entity perspective; or the socially constructed relational perspective. The overarching framework presented suggests relational leadership as:

> a social influence process through which emergent coordination (i.e. evolving social order) and change (e.g. new values, attitudes, approaches, behaviours and ideologies) are constructed and produced . . . This perspective does not restrict leadership to hierarchical positions or roles. Instead it views leadership as occurring in relational dynamics through the organization . . . [and] the importance of context in the study of these relational dynamics. (Uhl-Bien (2006, p. 655)

We find this definition helpful in the sense that it allows the discussion to understand leadership as contextualized, in histories and ideologies, not limited to a single or small set of formal or informal leaders, but rather embracing a dynamic system embedding leadership within a particular context (Hunt and Dodge 2000, p. 448). This interpretation of leadership resonates with discussions in entrepreneurial research, where the notion of entrepreneurship as individualistic is seen as restricted in terms of understanding the phenomenon (see Dodd and Anderson 2007, for a review of this perspective). However we wish to go further. Accordingly, we seek to extend this relational perspective by adding a learning dynamic. The individual lived experience of leadership is anchored into our idiosyncratic interpretations of leadership within the contextualized leader–follower relationship. There is an emerging consensus in the leadership learning literature that both the variation and the commonality of our understanding of leadership relate to the 'truism' that we learn to lead through lived experience (Burgoyne and Hodgson 1983; Cox and Cooper 1989; Davies and Easterby-Smith 1984; McCall 1998; McCall *et al*. 1988; Hill 2003; Kempster 2006, 2009). Early formative experience generates prototypical conceptions of leadership, described as implicit theories of leadership (Lord *et al*. 1984; Phillips and Lord 1982); while local participative relational experience generates contextualized variation of leadership (Epitropaki and Martin 2005). Of significance to the arguments in this article is the nature of the SME context and its limitations in regard to the development of an entrepreneur's leadership practice (Kempster and Cope 2010). In the entrepreneurial context,

Kempster and Cope (2010) identified the severe limited interaction of owner-managers with significant others both before and during their entrepreneurial career: in essence, the context of the small firm greatly limits the learning dynamic in regards to leadership. The corollary is the difficulty of enabling the form of leadership relationship within the SME to develop out from the individual heroic model and toward the distributed model. This movement is not simply constrained by the entrepreneur but also by the expectations of followers within the leader–led relationship; the 'heroic' nature of the entrepreneur establishing the business and seeing it through survival.

Hence, Greiner's crisis of leadership can be set within this relational dynamic where the generalization of leadership as a heroic individualist activity is anchored in the SME context by both the entrepreneur and the employees. In this way, the dilemma can be seen to be threefold: first, how to enable the entrepreneur to come to understand an approach to leading that is different from prototypical expectations of good leadership; secondly, should a different approach be adopted if the practice is anchored to the success of the business thus far; and thirdly, needing to address changing the nature of the leader–follower relationship within the SME to allow the form of leadership to change. Drawn together, these three elements represent a malleable constraining and restraining dynamic that greatly affects the ability of distributed leadership to become manifest in the SME context.

We have mentioned the notion of individualist and heroic leadership as being common prototypical conceptions of leadership in the SME context. Prior to exploring how to address this dilemma, it is important to explore what we mean by individualist and distributed leadership.

Leadership dialectic: individual and distributed

Leadership as a leader–led relationship

Viewed through a temporal perspective, leadership research reflects 'time periods' (Parry and Bryman 2006, p. 448) or stages of zeitgeist orientations of leadership (Western 2008, p. 82). The characteristics of the various periods up to the millennium are predominately associated with an individual as leader. In a sense, this ontological conceptualization of leadership as individual centric is oriented toward a 'leader–led' relationship. In the field of leadership, much debate and research have contrasted the personality perspective of the leader (see Judge *et al*. 2002) with social construction of the leader (Bartone *et al*. (2009). Strang and Kuhnert (2009) found that the ability of leaders to make sense of their experiences (social construction) was a better predictor of leadership performance than personality. This is important in terms of giving emphasis to the learning dimension of leadership and entrepreneurship. Situating this discussion to the impact of the leader–led relationship is Mumford and VanDoorn's (2001) work on pragmatic leadership. Mumford and VanDoorn heighten the role of followership when discussing leader–led relationships. For example the pragmatic leader is seen to understand the implicit expectations of followers and work within the context of these expectations; understand what motivates followers and how to meet those needs. In this way, the pragmatic leader can work within the temporal and contingent dimensions of the leader–led relationship. Contingent research most directly related to the leader–led relationship is anchored within a contextualized examination of Leader Member Exchange relationships (Dasborough and Ashkanasy 2002; Liden and Antonakis 2009). However, extant contingency theory has been very specific about the nature of the contingency (see, for example, Erdogan and Liden 2006), whereas the actual variation in contingency is vast and research has been limited in examining relational context in a holistic and temporal way (Currie *et al*. 2009).

In significant part, the individual entity of leadership has been reinforced through the notion of the romance of leadership: a socially constructed desire for leadership emanating from our earliest experiences of social leadership within families (Hall and Lord 1995; Kets de Vries 1988; Kets de Vries and Millar 1985). In a broader sense, social construction of leadership has been formed through generations from a biased perception that leadership, in the form of an individual, shapes outcomes (Barker 2001; Calder 1977; Gemmill and Oakley 1992; Meindl *et al*. 1985; Pfeffer 1977; Salancik and Meindl 1984; Salancik and Pfeffer 1977). The romance of leadership places emphasis to 'followers and their contexts for defining leadership itself and for understanding its significance. It loosens traditional assumptions about the significance of leaders to leadership phenomena' (Meindl 1995, p. 330).

Anchoring the leader–led discussion within the SME context, the limited extant literature has

emphasized the importance of individual entrepreneurial leadership (Harrison and Leitch 1994; Santora *et al*. 1999), including the importance of the entrepreneur's charismatic appeal in transforming organizations (Ehrlich *et al*. 1990). Meyer and Dean (1990) examined problems of transformational leadership in high-tech firms and the notion that CEOs can reach an executive limit characterized by 'an unwillingness to listen to experienced functional specialists, an inability to delegate, and a distrust of management systems/controls' (Meyer and Dean 1990, p. 238). More recent studies have continued in this vein, examining different leadership styles and requirements in growing ventures (Swiercz and Lydon 2002; White *et al*. 2007). Baum *et al*. (1998) place vision and its communication as crucial to organizational performance, and reinforce the importance of charismatic entrepreneurial leadership in facilitating venture growth, describing leadership to be 'serving as a role model, intellectually stimulating followers and building followers' confidence' (p. 43).

Earlier we outlined the emerging necessity for a growing SME to address the 'crisis of leadership' which is centred on the individualist leader–led relationship. It is the nature of the relationship which is significant to the 'crisis'; distributed leadership offers an alternative approach to enable passage through to further growth.

Leadership as distributed

The suggested notion of relational leadership (Uhl-Bien 2006) places emphasis on process and context to 'leader–follower' relations: 'A focus that leadership is relational and cannot be captured by an examination of individual attributes alone' (p. 671). However, commentators on distributed leadership suggest the focus should embrace a model of leadership that is network based (drawing on the work of Hosking 1988) and leadership as an 'emergent property of a group or network of interacting individuals working with an openness of boundaries . . . [and] the varieties of expertise are distributed across the many, not the few' (Bennet *et al*. 2003, p. 7).

A systemic perspective is argued to be at the heart of distributed leadership where individual action only makes sense taken in regard to a pattern of relationships which form collective activity (Ross *et al*. 2005). A persuasive argument for a shift in thinking about leadership and operationalization of distributed leadership is provided by Thorpe *et al*.

(2008). They build on Gronn's (2000) argument that 'no one person is an expert on everything within an organization. Rather the key activities . . . are performed by specialists who rely on collaborative and reciprocal relationships' (Thorpe *et al*. 2008, p. 38). It should be noted, though, that the emerging understanding on distributed leadership has a variety of manifestations. Spillane's (2006) broad focus that distributed leadership is concerned with leadership practice formed by leaders, followers and the situation opens up many possible perspectives which fall under this broad configuration. Parry and Bryman 2006, suggest that 'five strands in recent writing illustrate this development' (p. 448). The scope of this article does not permit a review of these, but the synthesis of this debate suggests that all strands reflect 'an emergent property of a social system, in which "leaders" and "followers" share in the process of enacting leadership . . . [and] effective leadership depends upon multiple leaders for decision-making and action-taking.' (p. 455). As such, they reflect Hosking (1988, 1991), who conceived leadership in terms of an 'organizing' activity anchored in a wide process of social influence that is not the exclusive function of a designated leader.

The notion of a dialectic of individual leadership or distributed leadership presents a sense of either/or. This is arguably an artificial theoretical divide. Rather than viewing leadership as either individual or distributed, a more appropriate stance is to understand the nature of the leader–follower relationship in the specific SME and enable the appropriate manifestation of situated distributed leadership to emerge. In this way, it connects to the tacit knowledge of entrepreneurial leadership practice imbued within a particular situation (Selsky and Smith 1994). As a consequence, the development of the SME leader–follower relationship requires bespoke attention. In a sense, no one way of leading can be argued to be preferable. In this way, it is apt to adopt Gronn's advice 'not the case of either or but that both leadership understandings, individual and collective count' (Gronn 2009, p. 383; similar to arguments from Collinson and Collinson 2009).

Reflecting on the success of entrepreneurial teams outlined earlier, the essence of distributed leadership with multiple leaders taking multiple decisions and multiple, co-ordinated action-taking provides a useful theoretical frame to suggest as appropriate for the growing SME to address the 'crisis of leadership'. However, this abstract notion of leadership needs to be contextualized within debates and

research on the nature of entrepreneurial leadership in the SME context and its effect on business growth.

Entrepreneurial leadership in the SME context

Distributed leadership is likely to be alien in both concept and underlying belief of 'good' or 'effective' or 'desired' leadership in the SME context, particularly at start-up. As Ensley *et al.* (2006) emphasize, vertical leadership may be especially important during the early stages of the new venture as it is the entrepreneur who formulates an initial vision and has to effectively influence others, including employees, to buy into and help realize this vision. Hence, developing this vision naturally confers entrepreneurs with leadership (Filion 1990). As Gupta *et al.* (2004) state, 'we define entrepreneurial leadership as leadership that creates visionary scenarios that are used to assemble and mobilize a supporting "cast" of participants who become committed by the vision' (p. 242).

We have earlier described the close relationship between the entrepreneur and the employee(s). Work by Epitropaki and Martin (2005) has shown that implicit theories of leadership can become shared between leaders and followers in the sense that they are contextualized and malleable through the relationship that develops over time. They showed that followers (employees) can have impact on the leader. The effect was striking. Within a good/close/intimate relationship – typical of the SME context – followers with limited experiences of leadership will become fixed to their romanticized notions of leadership. Drawing on the 'romantic' notion of leadership (Meindl 1995), the employees within the SME are likely to associate the entrepreneur with notions of heroic individuals: local heroes forming the business, taking necessary risks, fighting through survival and numerous crises. In appreciating popular discourses of the entrepreneur Czarniawska-Joerges and Wolf (1991) state that 'entrepreneurs represent an everyman's dream of the successful life. They are Columbuses treasure-hunters and Horatio Algers heroes all in one' (p. 539). The individual romanticized notions of leadership are likely to be most pronounced in the SME context. In a sense, employees come to expect the heroic approach, and the contagious effect is to reinforce such behaviour from the leader.

This paradox is most significant to the thesis of this article. Applying the work of Epitropaki and

Martin (2005), we can extend the difficulties within the SME context to embracing distributed leadership, however necessary it might be to enabling growth. The entrepreneur, often with limited experience of leadership (Kempster and Cope 2010), reflects heroic notions of individualist leadership. In a sense, this may be most apt for start-up and subsequent survival of the business. Employees joining the owner-manager in the embryonic business that is moving out of survival experience an approach of leading that resonates with their prototypical expectations of leadership. Vecchio (2003) reinforces this potential for adulation, stating that, for many people in small firms, 'the opportunity to interact with the top person in a firm represents a significant opportunity to receive approval or affirmation from an authority figure' (p. 316). This is further reinforced through 'the small-business owners' inherent close involvement in day-to-day operations, coupled with the fact that the staff of a small business is typically lower educated' (Lans *et al.* 2008, p. 609). This may be connected, in some cases, with the entrepreneur's desire to maintain control and protect 'their' business which tends to inhibit the adoption of distributed leadership practices (Nicholson 1998; Phelps *et al.* 2007). Gibb (2009) stresses that the distribution of managerial tasks may well be a function of the owner's personal preferences and his/her personal leadership style may tend to dominate the whole business. A crisis of delegation can therefore impede collaborative practices in SMEs (Macpherson 2005). Taking this to its extreme, Vecchio (2003) argues for the existence of more dysfunctional entrepreneurial leadership styles, with entrepreneurs displaying narcissistic tendencies characterized by an 'inflated sense of being superior to others' (p. 317). As Perren and Grant (2001) state, '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' (p. 7). Ultimately, this is quite different from new ventures that are started by entrepreneurial teams, where a distributed approach to leadership is necessarily inculcated into the organization and distributed leadership from its initial stages (Ensley *et al.* 2002).

While we are fully cognizant of the necessity to counteract excessive reliance on the leader-as-hero model of entrepreneurial leadership (Harrison and Leitch 1994), the above argument highlights some of the challenges associated with creating fully distributed leadership practices in SMEs. For example,

Ensley *et al*. (2006) highlight the overwhelming view within the entrepreneurship literature that empowering types of vertical leadership are essential for leading new ventures toward growth. In this way, the task of the entrepreneur is to create a participative environment which fosters motivation, commitment and independence. Jones and Crompton (2009) found empirical support for a more distributed leadership approach in SMEs in which the entrepreneur recognized the distributed nature of expertise within the venture and the need for delegation – characterized by 'teamwork, democratic decision making and high levels of communication between owner-managers and their employees' (p. 345). Gupta *et al*. (2004) argued that the entrepreneur must build commitment while encouraging others to experiment and learn for themselves. Similarly, Hitt and Ireland (2002) emphasize the importance of facilitation and empowerment and that 'insightful' entrepreneurial leaders build teams with rich and diverse talent which help to develop and execute a shared vision. Reciprocal trust between the entrepreneur and employees thus becomes a central concern in fostering distributed leadership practices (Darling *et al*. 2007).

A synthesis of this discussion is to suggest that, within the SME context, it is important that the entrepreneur remains the central character; and it is his/her ability to foster leadership ability in others that determines more distributed approaches and, in this sense, they still remain the primary leader. A significant issue for the central pivotal leader (the entrepreneur) is knowing how to achieve employee empowerment and creating a new culture of participation. This is far from obvious if the entrepreneur is limited in experiences that generate leadership learning or is simply not aware that they should become attentive to such changes.

Even in situations where distributed forms of leadership may function, we must not assume a cosy and harmonious consensus (Rae 2005). Macpherson and Holt (2007) recognize the potential for organizations, including entrepreneurial ventures, to be sites where tensions, conflicts and power struggles pervade. Witt (1998) highlights some of the challenges associated with sharing one's vision and achieving co-ordinated and mutually agreed activity. He argues that firm members cannot be made to adopt the entrepreneur's vision on the basis of mere instruction or by devising suitable organizational and administrative routines. His argument implies that deliberately trying to foster a cosy consensus and even a distributed lead-

ership structure may not be so easy to achieve. Indeed, he proposes that, in the absence of control (which may be manifest in certain distributed leadership contexts), employees may not necessarily comply with the entrepreneur's conception or may pursue their own agenda at the expense of the firm. In contrast to considering the 'dark side' of the entrepreneur (Kets de Vries 1988), Witt (1998) hints at the potential dark side of employee participation in more distributed entrepreneurial leadership structures.

Furthermore, it may be that in some instances either entrepreneurs cannot find suitable staff to share leadership with, or alternatively entrepreneurs with limited leadership skills remain unable to see the full potential of their existing staff. Zhang and Hamilton (2009) found that feelings of isolation and loneliness were commonly articulated by participants on an entrepreneurial leadership development programme. Similarly, in Thorpe *et al*.'s (2006) study, several participants recognized that they were frustrated by not having the ability to share ideas and visions with progressive colleagues and that this proved to be a hindrance to their businesses. The question here is whether such views are merely a product of perception or whether such entrepreneurs genuinely do not have staff capable of handling shared leadership responsibility. This issue is addressed further below, when we consider how more distributed forms of leadership in SMEs may be fostered.

Thus we are presented with a dilemma. The case for distributed leadership in SMEs is clear. As small ventures grow, there is a need for more people to become involved in decision-making and to take responsibility and accountability for a range of operational and strategic issues, as Phelps *et al*. (2007, p. 178) stress:

> It is evident that 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. Learning from experience and the recruitment and consultation of talent provide the knowledge to adapt and grow.

However, the practical implementation of developing distributed leadership is very complex for the entrepreneur. The discussion on more distributed forms of entrepreneurial leadership has outlined underlying issues of power, structures and embedded leader–follower relationship which we suggest have an impact on the development of distributed leadership. The final section will draw together the proceeding

discussion and suggest approaches to the development of leader–follower relationship toward a distributed approach.

Developing distributed leadership in the SME context

The notion of a crisis of leadership reflected in issues surrounding growth has been previously articulated. In part, the leadership effect that has been significant in enabling the business to survive start-up and survival becomes the cause of the crisis – too great a reliance on one individual – the entrepreneurial leader. As the venture grows, it is not feasible for a single individual to take on all leadership responsibilities (Ensley *et al*. 2003). As Ensley *et al*. (2006) stress, within high-performing top management team, leadership is often distributed such that those with relevant knowledge, skills or abilities offer their views and take the lead within specific situations; these are then digested and acted upon by the group as a unit. Thus, leadership must take on a contingent character, responsive to the relative expertise of different organizational members and the specifics of the situation at hand. It would appear crucial that, during growth and maturity, entrepreneurs are capable of creating a climate that encourages dialogue within the venture and allows employees to share their tacit knowledge (Jones and Macpherson 2006).

We have outlined how businesses formed as entrepreneurial teams do not experience the crisis of leadership. They reflect principles of distributed leadership. A simple solution would be to suggest that the crisis would be resolved through the adoption of distributed leadership – and we are sympathetic at the highest level with such a proposition. However, this proposition is simplistic. The context of the SME for such a change in the nature of leadership is problematic. We have argued in this article that the nature of the leader–follower relationship within the SME context is likely to create difficulties for the development of distributed leadership. The close and intimate leader–follower relationship within the SME further reinforces heroic individualist leadership, making change more problematic than perhaps anticipated in terms of efficacy of intervention. As Leitch *et al*. (2009) recognize, there is often a conflict between leadership development and the SME context as SMEs 'tend to be influenced by dominant individual(s), who are associated with a lack of flexibility, engagement, openness and responsiveness' (p. 243).

The question now becomes how we might break into these heroic leadership models and create the capacity for leadership distribution. Before we examine approaches to intervention to break this cycle, it needs to be emphasized that there is a significant impediment to intervention. Kempster and Cope (2010) identified that leadership is not an activity that entrepreneurs necessarily associate with or view as a necessary and 'normal' part of their activities. In addition, they identified structural disadvantages of leadership learning in the SME context which limit the development of leadership practice (Kempster and Cope 2010). The dilemma for the entrepreneur, and for those wishing to work with entrepreneurs, is thus: how to modify the orientation of their leadership practice to a style that is in contrast to their formatively learnt implicit theories of individualist leadership – a style that has brought them success. Further, the dilemma is accentuated by the leader–follower relationship, which expects a strong, controlling and dominant individual. There are two intervention foci for the development of distributed leadership focused on the leader–follower relationship: first, intervention oriented at the entrepreneur; second, activity oriented at developing followers' expectations and roles within the SME.

Raising the salience of leadership and promoting identification with leadership practices is an essential first step. It is essential that entrepreneurs are helped to recognize the importance of distributed leadership and can discuss associated issues and challenges with their peers (Thorpe *et al*. 2009). As Jones and Macpherson (2006) identify, creating knowledge sharing and more participative managerial/leadership practice requires the entrepreneur to 'cede significant levels of power, which may entail involving external agents in helping to institutionalize new practices in order to retain knowledge and learning capacity' (2006, p. 171). The arguments outlined in this article suggest that this first step requires careful consideration. Perren and Grant (2001) identify the plethora of dislocated organizations and initiatives that are currently involved in SME leadership development. Morrison (2003) has identified that much of these initiatives lack relevance to entrepreneurs. Notwithstanding such limitations of existing support, what is crucial is that entrepreneurs may not be able to establish distributed leadership alone.

The parallel work of Thorpe *et al*. (2008) and Robinson (2006, 2007) has sought to outline a context-based approach to development of distributed leadership in the SME context. The key is to help

entrepreneurs appreciate that leadership learning in the entrepreneurial context needs to be seen as a process of co-participation (Taylor and Thorpe 2004), a relationship-based approach in which argument, debate and collaboration is central (Jones *et al.* 2010). In this sense, any developmental intervention must aim to help entrepreneurs become more 'mature' leaders (Thorpe *et al.* 2006). Thorpe *et al.* (2006) depict a mature entrepreneur as someone who is able to affect vision and insight while fully cognizant that the creation and enactment of this vision are reliant on other people. Crucially, mature entrepreneurial leaders will be more able and willing to fashion an 'organizational landscape' conducive to developing shared vision and direction. To achieve more distributed forms of leadership may require the development of what Jones *et al.* make salient as the notion of 'strategic space . . . mechanisms to accomplish learning and transformation within small firms . . . [such mechanisms] as time resources, motivation and capabilities . . . [in order to] reflect on and review existing organizational practices' (Jones *et al.* 2010, pp. 660–661). We must remember that inevitably these negotiated ways of working and leading will reflect the founders' style, language and experience (Rae 2004). However, the adoption of an open management style and a willingness to relinquish some control is vital in fostering genuine collaboration and relational learning and, by implication, more distributed forms of entrepreneurial leadership (Zhang *et al.* 2006).

The key principle that Robinson (2006, 2007) and Thorpe *et al.* (2008) outline is the primary need to create and sustain learning networks and relational leadership learning. These enable entrepreneurs to engage in meaningful dialogue, critical reflection and purposive action with their peers (Bessant and Tsekouras 2001; Florén 2003; Tell 2000). Key aspects of learning networks catalyse collaborative development and sharing of successful leadership practice which has immediate and direct relevance and applicability (Kempster and Cope 2010). Within learning networks, entrepreneurs are able to observe 'significant others' who have successfully adopted different leadership roles in contexts very similar to their own. More structured facilitated processes of critical reflection of their lived experience and current context, through activities such as action learning (Clarke *et al.* 2006; Thorpe *et al.* 2009) and self-selected trusted mentors (CEML 2002; Sullivan 2000) are also particularly relevant with regard to entrepreneurial leadership development. Leitch *et al.*

(2009) found that a significant outcome of an action learning approach was that entrepreneurs were able to delegate more and became open to the needs and perspectives of other organizational members.

The overt aim of these interventions within learning networks is to ensure sustainability by creating learning that has immediate relevance. As Perren and Grant (2001) argue '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' (p. 2). Providing the opportunity of engagement and learning with other entrepreneurs within a comparable context with similar development issues is a most vital mechanism for intervention if leadership practice is to be modified (Kempster and Cope 2010). Gordon *et al.* (2010) outline an example of a mechanism for intervention, and this will be used to highlight extant literature of intervention best practice in the SME context. It is also utilized to illustrate our suggested twofold intervention for the development of distributed leadership: developing the entrepreneurial leader, and developing the leader–follower relationship.

Established in the North West of England, the LEAD programme is based on a contextualized integrated and relational learning process which echoes the principles and interventions outlined by Perren and Grant (2001), Robinson (2006, 2007), Clarke *et al.* (2006), Thorpe *et al.* (2008), Leitch *et al.* (2009) and Thorpe *et al.* (2009). Gordon *et al.* (2010) describe the LEAD programme as 'experimental, observational learning manifest in action learning, one-to-one coaching, business shadowing and exchanges and inspirational and business masterclasses' (p. 5). The programme is relatively 'ordinary' in terms of the common use of the constituent parts. The best practice employed within this programme reflects the following principles outlined in extant research: the contextualized starting point – the SME and the entrepreneur (Clarke *et al.* 2006; Thorpe *et al.* 2008); that experiential learning theories would be fundamental (Clarke *et al.* 2006; Cope 2003, 2005a,b); the mechanisms focus on developing intra-cohort trust (Neergaard and Parm Ulhøi 2006; Zhang and Hamilton 2010) and peer group relational learning (Raffo *et al.*, 2000; Robinson 2007); structured stimulation of contextualized action learning and reflection (Clarke *et al.* 2006; Jones *et al.* 2010; Thorpe *et al.* 2009); and the development of networks and social capital (Jacks 2005; Jones *et al.* 2010; Neergaard and Parm Ulhøi 2006).

The necessity for interventions in terms of generating economic development and job creation through leadership development of entrepreneurs has been substantiated (CEML 2002; Leitch *et al*. 2010; Perren and Grant 2001). It appears that programmes structured around the above principles are more likely to be successful (Thorpe *et al*. 2008). Illustrative of this argument is the evaluation of the LEAD programme highlighted by Gordon *et al*. (2010, p. 3): 'The conclusion of the evaluation is that the LEAD programme has had substantial effects on business outcomes (achieved or expected), and that these outcomes have been induced by changes to business operations' (Wren and Jones 2006). Lancaster University Management School (2006) also undertook an internal evaluation of the programme in regard to leadership. It commented that 'increased confidence in, and awareness of, individuals' leadership roles was widely observed. This was often accompanied by elevated abilities to delegate effectively, leading in turn to staff empowerment and to protection of owner-managers' strategic space for further enterprise development' (p. 1).

We wish to place emphasis on that comment as central to the arguments of this article. In essence, an intervention can lead to a movement from entrepreneur leader–led relationships toward the development of distributed leader–follower relationships: the connected development of the entrepreneur and the business (similarly argued in Jones *et al*. 2010). In this way, the second focus of the leader–follower relationship is brought into attention – developing the leader–follower relationship. Gordon *et al*. (2010) outline activities that involve the entrepreneur with their employees. For example, they describe master classes being attended by many people from the SME; exchanges and co-consulting activities based in the SME as engagement of the entrepreneur, their employees and a peer LEAD delegate entrepreneur. In essence, the LEAD intervention provides an example of integrated and relational learning of the entrepreneur and employees in participative activity. Through this relational participation, they provide detailed qualitative accounts from entrepreneurs of how the nature of the leader–follower relationship has developed. Through our lens of relational distributed leadership, opportunities for distributing leadership begin to emerge out of the relational activity anchored within the context of the SME. In this way, each relationship changes to the contextual needs of the SME, the entrepreneur and the employees. We argue that such relational learning and change in the leader–follower relationship reflects and resonates with the pragmatic notions of distributed leadership described earlier in the work of Gronn (2009) and Collinson and Collinson (2009). Accordingly, the dilemma of the entrepreneur addressing the crisis of leadership is less of a major shift from one approach to another, and more of a gradual and emergent change in the leader–follower relationship through the relational learning between the entrepreneur and the employees, stimulated and encouraged through peer dialogue and support.

Conclusion

This article has sought to address a dilemma that is still prominent within debates on SME growth, namely the 'crisis of leadership' originally highlighted by Greiner (1972). We have identified in this article that entrepreneurial teams are more likely than lone entrepreneurs to generate greater growth. The reasons appear to relate to a distribution of resources and social capital, plurality of experience, and enhanced capability for sense-making and problem-solving. We can conclude that distributed leadership is closely associated with these contributions to growth and have argued in this article that distributed leadership might assist with the growth of established SMEs.

However, we have also argued that the development of distributed leadership in the SME context is problematic for the following four reasons: First, there has been a dearth of research on entrepreneurial leadership generally, and specifically we are not aware of any exploration of distributed leadership in the SME context. Second, we have argued that leadership is conceived fundamentally as a relational construct and the close leader–follower relationship typical of SMEs has the effect of sustaining a heroic leader–led model. Third, within leader–follower relationships, follower expectations do not necessarily seek a distributed approach, as posited by Collinson and Collinson (2009). Finally, in the SME context, the structural limitations of leadership learning restrain the development of the leadership practice of entrepreneurs (Kempster and Cope 2010).

As a consequence, we suggest that any form of intervention needs to be fundamentally contextualized to the delicate nature of the SME ecosystem. We suggest an approach that follows Gronn's (2009) pragmatic notion of not being fixed to purist forms of distributed leadership, thus allowing a sense of emer-

gence to occur while still taking into consideration the existing leader–follower relationship. In this way, entrepreneurial leadership can become modified in a distributed form without confounding the pre-existing components of success. Change can occur from within, and the benefits of entrepreneurial teams can still be enjoyed.

Our suggestions for intervention focus on the entrepreneur and the employees. We address the underlying systemic issues of the leader–follower relationship within the SME. To do this, we emphasize learning networks, as outlined by Thorpe *et al*. (2009) and Robinson (2006, 2007). In particular, we emphasize Robinson's notion of relational learning. Concomitant with this, we drew on the approach used in the LEAD programme to illustrate how the key process areas highlighted in recent research (notably Kempster and Cope 2010; Jones *et al*. 2010; Leitch *et al*. 2009; Perren and Grant 2001; Robinson 2006, 2007; and Thorpe *et al*. 2008) can be designed to connect the two areas of focus together. The evaluations of the LEAD programme suggest considerable efficacy in addressing the crisis of leadership that is often connected with business growth. However, much more detailed research is required of this programme specifically, and leader–follower relationships within the SME context more generally. In particular, research should explore changes in these relationships as a result of interventions.

Consequently, we suggest a research agenda focused on the following four areas: The first research focus is to explore leader–follower relationships within SMEs. This research might involve examining the lived experience of both the entrepreneur and the employees within their relationship. As a consequence of the first stage, the second stage of research would be to explore in detail examples of distributed leader–follower relationships and how such examples have developed. We have very little empirical understanding of how the transition from 'heroic' lone entrepreneur to distributed leadership occurs. Essentially, the issue revolves about how the crisis of leadership is addressed. The third suggested research focus is toward examining processes of intervention to affect changes in the leader–follower relationship in order to move toward the development of distributed leadership. Fourth, we suggest the need to evaluate how changes in leadership towards distributed approaches effect the development of the enterprise, particularly in terms of changes to structures, processes and the climate within the business. The above agenda provides a foundational opportu-

nity to help develop the ontological perspective of relational leadership (Uhl-Bien 2006) more broadly within the SME context.

It is to the last point that an additional contribution can be made to the fields of both leadership and entrepreneurship. Each field has examined its central entity, leader or entrepreneur in isolation and not as interchangeable or overlapping constructs. Yet there are emerging debates in both fields oriented around the 'learning dynamic'. There has been a call for closer interdisciplinary research between these two fields (for example: Kempster and Cope 2010; Cogliser and Brigham 2004; Jensen and Luthans 2006; Perren and Burgoyne 2002; Vecchio 2003) and a focus on leader–follower relationships in the SME context will provide clarity of focus in this regard.

In conclusion, the development of a broader repertoire of leadership practice for entrepreneurs is a critical transition that they must be willing and able to embrace. The transition is complex. The processes by which this occurs are little understood. In order to address the crisis of leadership insofar as it influences growth, this article has brought together literatures that have not previously been aligned. We believe that this helps to illuminate a deeper understanding of leader–follower relationships and the development of distributed leadership within SMEs.

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