Entrepreneurial Charisma: A Key to Employee Identification?

WHAT IS THIS RESEARCH ABOUT?

Entrepreneurial businesses are an important driver of modern day economies. A firm that adopts a strategy of calculated risks and demonstrates pro-activeness and innovation reflects what is called an entrepreneurial orientation. However, in order to create an entrepreneurial orientation and the associated positive performance outcomes, it is necessary to understand the role of individuals in the organization and the interpersonal processes that shape values, norms, and behaviors.

A successful strategic entrepreneurial orientation is driven in part by the personality and actions of entrepreneurial leaders. Recent research reflects growing interest in the synergies between leadership and entrepreneurship. This research asks whether an entrepreneurial strategic orientation and a charismatic leadership style encourage employees to identify with the entrepreneurial organization.

WHAT DID THE RESEARCHERS DO?

Francine Schlosser and William Todorovic from the University of Windsor and Indiana-Purdue University, respectively, incorporate research from the literature of social psychology to examine the effect of individual and organizational variables on employees who work for an entrepreneurial venture. The researchers performed a cross-sectional study of 78 employees of small Canadian businesses. This study measured employee’s perceptions of leader charisma and leader effectiveness along with entrepreneurial orientation.

This research holds significance because the researchers investigated how identification with an organization encourages employees to remain with a venture in its crucial growth stages. It was also able to demonstrate how an entrepreneurial orientation and charismatic leadership style encourage employees to identify with the entrepreneurial organization.

WHAT DID THE RESEARCHERS FIND?

- Employee perceptions of an entrepreneur’s effectiveness and charisma are indistinguishable.
- The entrepreneurial culture at the senior management level is related to employee outcomes independent of the strong personality of the entrepreneurial owner.
- Employee perceptions of the entrepreneurial orientation of the organization positively related to employee identification with the organization.
- While charismatic leadership relates to employee identification, employees may still identify with the entrepreneurial orientation of an organization for other reasons not explained in this model (such as personal dreams or similar values/attitudes).

In summary, the researchers were able to identify that entrepreneur personality and strategic direction play an important part in creating value for the entrepreneurial firm. Therefore, an entrepreneurial orientation and charismatic leadership style should be accentuated in order to facilitate employee identify with the organization.
HOW CAN YOU USE THIS RESEARCH?

This research can be used by entrepreneurs. This paper’s findings increase understanding of potential antecedents of employee organizational identification. This is an outcome of growing importance in an era of increasing employee mobility and decreasing employee loyalty. Identification provides a way for entrepreneurs to engage and retain their employees; and these issues are critical during times of business venture growth.

This study will be useful to business professionals, as it extends beyond theories and findings to more common business situations. It specifically considers the workings of common entrepreneurial businesses where employees of small businesses know the entrepreneurial owner intimately. Entrepreneurs may be absorbed by strategic and financial issues, but this research emphasizes the importance of managing employee perceptions. It demonstrates the full power of an entrepreneur’s personality, and it contributes to our knowledge of why some entrepreneurial ventures succeed, while others do not.

CITATION


KEYWORDS

Entrepreneurship, Charisma, Leadership, Social Psychology, Employee Identification

WHAT YOU NEED TO KNOW

Entrepreneurs may be absorbed by strategic and financial issues, but this research emphasizes the importance of managing employee perceptions. Ultimately, personality and charisma play an important part in creating value for an entrepreneurial firm.