

# A Note on Entrepreneurial Leadership<sup>1</sup>

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## The New Era of Entrepreneurial Leadership

While leadership and entrepreneurship are distinct disciplines, their intersection creates a unique challenge: How do leaders inspire others to recognize and pursue entrepreneurial opportunities? Traditional leadership emphasizes hierarchy, efficiency, and goal execution. Entrepreneurial leadership (EL), in contrast, fosters autonomy, creativity, and adaptability. Unlike conventional leaders who direct from the top, entrepreneurial leaders create environments that empower followers to think and act entrepreneurially.

## The Core of Entrepreneurial Leadership: A Relational Perspective

At the heart of this new model is the idea that EL is fundamentally relational. Leaders are not just visionaries; they are enablers of entrepreneurial behavior. Three key elements drive this process:

1. **Emotional and Social Competence (ESC):** Entrepreneurial leaders are attuned to their emotions and those of others. By demonstrating empathy and self-awareness, they create psychologically safe environments where risk-taking and innovation can thrive.
2. **Entrepreneurial Mindset:** Entrepreneurial leaders exhibit cognitive flexibility—the ability to shift between analytical and empathetic thinking. This balance enables them to recognize opportunities and inspire their teams to do the same.
3. **Motivating Through Need Fulfillment:** EL proposes that entrepreneurial leaders fulfill three fundamental human needs:
  - **Autonomy:** Allowing followers the freedom to explore and make decisions.
  - **Competence:** Building confidence by fostering skill development and mastery.
  - **Relatedness:** Creating a culture of support and collaboration.

When these needs are met, followers are intrinsically motivated to take entrepreneurial action, leading to sustained innovation.

## Fostering Entrepreneurial Behavior in Organizations

The ultimate goal of EL is to drive collaborative entrepreneurial action—the process through which leaders and followers collectively recognize and pursue new opportunities. This manifests in three key behaviors:

1. **Innovativeness:** Encouraging creative problem-solving and novel solutions.
2. **Risk-Taking:** Cultivating a culture where experimentation is valued over perfection.
3. **Proactiveness:** Instilling a forward-thinking mindset that anticipates and acts on future trends.

<sup>1</sup> This note was developed from materials excerpted from Babson College's Entrepreneurial Leadership Research team. Much of this insight is drawn from *A Conceptual Model of Entrepreneurial Leadership: How Entrepreneurial Leaders Enable Entrepreneurial Opportunity* by Scott Taylor, Andrew Corbett, Danna Greenberg, Wendy Murphy, Keith Rollag, and Jeffrey Shay.

By embedding these behaviors into the organization's DNA, entrepreneurial leaders ensure that innovation is not just an occasional breakthrough but a continuous process.

## Implications for Leaders and Organizations

### For Leaders:

- Develop emotional intelligence and self-awareness to foster trust and psychological safety.
- Balance analytical and empathetic thinking to encourage both structured execution and creative exploration.
- Focus on enabling others rather than driving top-down initiatives.

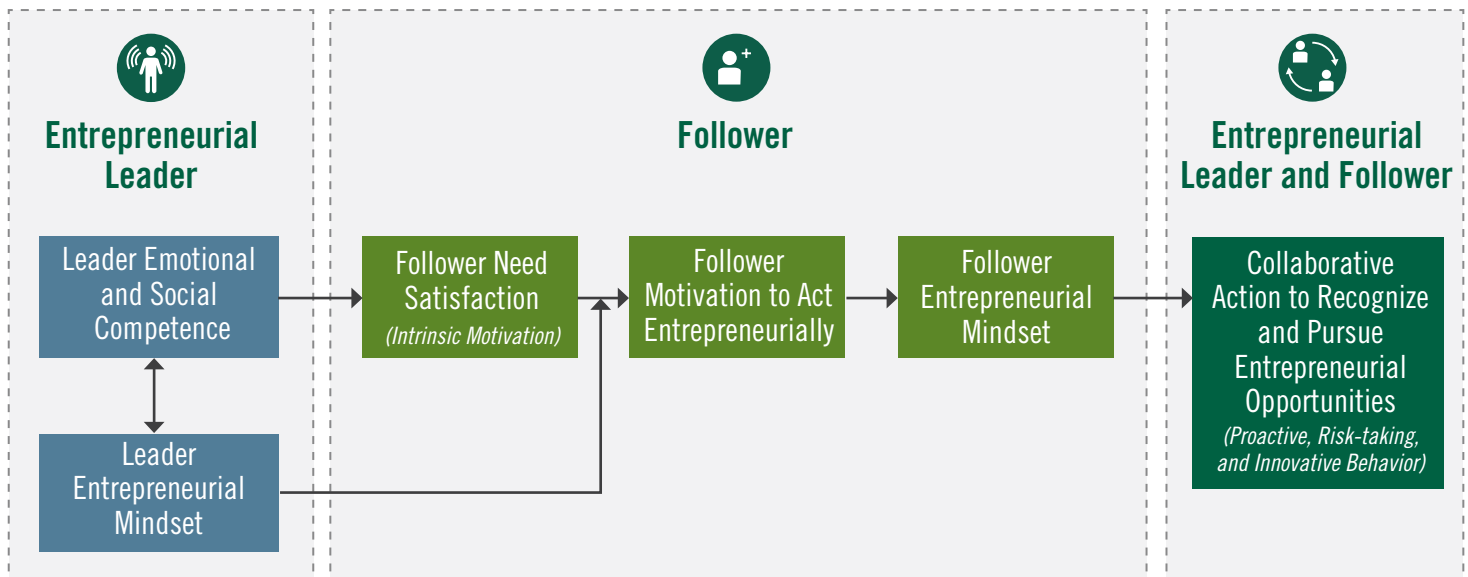
### For Organizations:

- Create an environment that supports autonomy, competence, and relatedness.
- Encourage cognitive flexibility through cross-functional collaboration and diverse problem-solving approaches.
- Recognize and reward entrepreneurial behavior at all levels.

## Conclusion

Entrepreneurial leadership is more than just leading in an entrepreneurial context; it is about creating the conditions for others to think and act entrepreneurially. By understanding the psychological and relational mechanisms that drive motivation, leaders can cultivate a workforce that is resilient, innovative, and primed for opportunity. As businesses navigate uncertainty and rapid change, the ability to inspire entrepreneurial action will be the defining characteristic of successful leadership in the 21st century.

## Conceptual Model of Entrepreneurial Leadership



Taylor, S.N., Corbett, A.C., Greenberg, D., Murphy, W.M., Rollag, K., & Shay, J. 2025. A conceptual model of entrepreneurial leadership: How entrepreneurial leaders enable entrepreneurial behavior. *International Entrepreneurship and Management Journal* 21:58