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The Role of Entrepreneurial Leadership in City Region Economies: A case of developing small firm leaders

Louisa Huxtable-Thomas¹ and Paul Hannon

Abstract

Entrepreneurs are key actors in the knowledge economy and are fundamental to any entrepreneurial and dynamic ecosystem. They drive change and innovation through starting new ventures, growing businesses, and investing in new ideas. They spot viable opportunities, they mobilise resources, they take risks and they are action focussed. The capacity and capability of entrepreneurs to lead and develop their ventures affect future success and sustainability. How entrepreneurial actors learn to lead is then central to developing a strong and adaptable ecosystem able to respond to the challenges presented by unpredictable and complex environments. This chapter presents a case study of how a leadership learning programme has been used in Wales to improve the learning of leaders of SMEs and how this has subsequently impacted on the regional economy as a result.

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1. Challenges for a nation

Since the year 2000, the UK devolved nation of Wales has benefitted from funding from the European Commission aimed at improving economic productivity in order to bring it closer in line with the European average. The overall aim of the funding is to make the funded regions more competitive within Europe and for the European Union as a whole to be more competitive globally.

During the last two periods of funding, between 2000 and 2013, approximately £3.5bn was invested in Wales. Together with match funding from public and private sources the funded projects have resulted in additional jobs, more sustainable businesses and increased GDP (Welsh Government, 2015). In addition, these programmes support innovative practices and infrastructure, addressing problems of poverty, climate change and equality.

Even with some notable successes, Wales has not been lifted above the European average GDP. Not only is the UK the second lowest in productivity of the G7 countries, but Wales has the lowest nominal Gross Value Added (GVA) per head of the UK regions (ONS, 2015). Add to this Wales' high economic inactivity rate (Stats Wales, 2015) and the result is a regional economy failing to keep up with its global peers.

The complex issues around productivity and global competitiveness have been dealt with comprehensively by authors over the last two decades (Jorgenson, 2007; Schwab & Xavier, 2011; Love & Roper, 2015) and will not be addressed further here, other than to say that this background of productivity in a global context is a key challenge for regions of Wales, and not least for the city region of Swansea.

It is clear that direct investment in the region's small firms has been effective, albeit limited, but it has failed to address the apparent stagnation and slow development that prompted the funding programmes in the first place. This has resulted in a region dominated by small firms without the resilience to keep up with the fast moving changes of contemporary global business.

If investment is not the keystone to improved performance, then what is? Research undertaken by numerous policy bodies suggests the underlying problem, that of entrepreneur ambition and productivity. From a policy perspective the Welsh Government have stressed the importance to the future of Wales of developing leadership skills within a business context: "if we fail to improve workforce leadership and management skills and to apply those skills in the workplace, Welsh businesses will gradually find it more difficult to compete" (Welsh Government, 2008 p10) and this viewpoint is shared across the UK (UKCES 2010). A report for the UK Government claims that both entrepreneurship leadership skills are associated with enhanced turnover and

productivity and that the development of these skills leads to behaviours that mediate improvements in firm performance (Hayton, 2015).

This chapter will argue that these factors, which have failed to be addressed by cash interventions in the past, can successfully be improved through personal leadership development programmes and describes the key factors for such programmes, ultimately setting out how this type of learning can drive productivity in the entrepreneurial learning city.

2. The role of the entrepreneurial leader in the city region

Entrepreneurs are key actors in the knowledge economy and are fundamental to any entrepreneurial and dynamic ecosystem. This is because they drive change and innovation through starting new ventures, growing businesses, and investing in new ideas. They spot viable opportunities, they mobilise resources, they take risks and they are action focussed. The capacity and capability of entrepreneurs to lead and develop their ventures affects future success and sustainability. It has been argued elsewhere that environments with increasingly higher levels of uncertainty, unpredictability and complexity demand entrepreneurial responses (Gibb *et al*, 2012).

It then appears logical that entrepreneurial leaders would be an even greater asset; retaining the action-oriented, opportunity-exploiting aspects of the entrepreneur while setting visions, thinking ambitiously and driving performance. Traits and tricks of the 'leaderpreneur' are starting to be expounded in the popular press, however the traits of these all-in-one business actors are of little practical use without understanding the processes or systems they create and how people can become entrepreneurial leaders.

The notion of entrepreneurial leadership has been explored from different approaches but there remains a lack of consensus toward an overarching definition. The article by Roomi and Harrison (2011) aimed specifically to 'offer a relatively stable definition'. Further, they developed some practical approaches to how entrepreneurial leadership should be taught through considering how leaders learn to be entrepreneurial and how entrepreneurs learn to be leaders.

The authors reviewed existing literature to seek common themes: some identify the common aspects across both constructs; others define the inherent traits and/or behaviours of entrepreneurial leaders; while others explore the environmental conditions and stages of firm development affecting the need for entrepreneurial leadership modes or styles, in particular, transformational leadership. The task of finding a definition is also covered in the review: Surie and Ashley (2007 p235) adopt a simple working definition of entrepreneurial leadership: 'leadership capable of sustaining innovation and adaptation in high velocity and uncertain environments' and the linked view expressed by Vecchio (2003) that entrepreneurship is simply a type of leadership that occurs in a

specific setting. However, Kuratko (2007) concludes that leadership is a type of entrepreneurship, i.e. that it is essentially an entrepreneurial activity.

In creating their own definition, Roomi and Harrison (2011 p2) discount the focus on innovation and the view that entrepreneurial leadership is a component of either entrepreneurship or leadership and suggest that it is instead the fusion of its two component constructs. Their definition of entrepreneurial leadership as 'having and communicating the vision to engage teams to identify, develop and take advantage of opportunity in order to gain competitive advantage' is perhaps the most logical. However none of the definitions to date is supported by empirical evidence or robust critical analysis.

It is clear from the lack of agreement in the reviews and studies undertaken to date that two things are happening: First, that researchers have identified a form of leadership that is more akin to the behaviours and attitudes expressed in entrepreneurs (or entrepreneurial individuals) and secondly that the study of entrepreneurial leadership is still in its infancy. A comprehensive review of leadership theory and research conducted by Dinh et al (2014) published in a special issue of *The Leadership Quarterly* identified 39 theories ranked by thematic category. Entrepreneurial leadership as a form of leadership study was ranked 37 out of 39 with less than 1% of papers published during the 25 year time period reviewed being on this subject (Dinh et al., 2014).

The key outcome from this brief review is that the study of entrepreneurial leadership development is lacking the evidence needed to back up the assumptions made by policy makers about the value of developing the relevant mindsets and behaviours in entrepreneurs and leaders through well designed educational learning programmes.

Furthermore, the research that has been published about how leadership is developed is largely focussed on the corporate community. Few academically robust studies have been undertaken into the ways that entrepreneurs learn leadership (Huxtable-Thomas *et al*, in press) however, a more complete concept of how entrepreneurs learn, or how people learn to be entrepreneurs has been developed. This is described as 'entrepreneurial learning'.

3. Why the Need for an Entrepreneurial Learning Approach?

Entrepreneurial learning is a current and growing area of research. For nearly three decades many studies and conceptual ideas have been presented (Pittaway and Thorpe, 2012) and in particular the implications for the design and delivery of educational programmes to stimulate outcomes of entrepreneurial thinking, mindsets, behaviours and skills. There is no need to repeat that work here, other than to say that it is evident ~~is~~ that the development of leaders within entrepreneurial contexts needs to reflect the modes of learning as experienced in the entrepreneurial life-world. This then

impacts on the learning needs and outcomes and the underpinning design philosophies of any educational programme.

As identified above, there has been considerable research into understanding the concept, practices and contexts of entrepreneurial learning (see Pittaway, Huxtable-Thomas and Hannon, forthcoming for a synthesis). The importance of this effort is realised when it impacts on education practice and processes, especially for entrepreneurs. This has previously been mapped by Pittaway and Thorpe (2012) and reflects many aspects that have informed the design and development of entrepreneur learning during the past three decades from the works of Cope and Watts (2000), Gartner (1988), Gibb (1987), Kempster (2009) Rae (2013) and many others. In essence these authors have highlighted the importance of recognising specific contexts and ways within which entrepreneurs learn: situated; observational; vicarious; experiential; by doing and experimenting; from others; and through reflection.

It would make sense, then, that the pedagogic approach required to align with entrepreneurial contexts needs to be embedded not only within course design but more fundamentally in the delivery principles, i.e. the learning experience must be seen as: highly contextualised and relevant; based on specific challenges and opportunities; be associated with a clear need and a tangible action; action-oriented and allowing for reflection on prior actions and decisions; encouraging storytelling; testing out new ways of thinking and acting; learning from respected and trusted peers; and living with the emotional rollercoaster of success and failure.

The case presented in this chapter is built upon a strong research base and a learning model that has been tested in a university setting to provide a learning experience for entrepreneurs that aligns with those delivery principles.

4. Context for the case study

This case study is located in Wales, UK and it is important to understand the context in which the leadership learning programme exists. Wales is an economy more than ever dependent upon the creation and growth of thousands of small and medium enterprises that add revenues to the economy and provide jobs for the local population. In summary, there are just over 238,000 private enterprises in Wales of which 77% provide employment only for the founder but still contribute 18.7% of total employment in the private sector. Of the remainder of enterprises, 21% have less than 50 staff with the larger firms comprising only 2% of the remainder. Only 1,595 enterprises (0.7%) have 250 or more employees. These large employers account for around 38% of employment and 63% of turnover in the private sector which presents a major risk to a resilient economy. This has been illustrated clearly by recent threats to employment in south Wales represented by one of the largest private sector employers selling their interests in Wales (Kelsey, 2016).

Using only basic descriptive statistics, it can be shown that small firms are central to the economic and social wellbeing of Wales. Not all firms are capable of growing, but Wales is certainly performing worse than other comparable nations. The recent performance of European Structural Funds in Wales suggests that investment alone is not enough to stimulate the growth considered to be possible in Wales. A new approach, as advocated by the UK Government and CBI, suggests looking at the individuals within the firm, not the products or services they produce. Using this same logic, effective leadership is considered to be one of the major factors of success in small and medium sized enterprises (SMEs) (Soriano and Martinez, 2007) but more importantly lack of leadership is cited as a cause of failure in firms and a risk to the national and regional economy. When considered at the micro-level, small firms' change and growth are driven by the leader, often the founder, of the firm. With such a strong influence on the firm, the capacity for innovation and growth must be directly related to the capacity of this individual to embrace opportunity, risk and failure (Drucker, 2014).

The need for leadership and management skills faces a further barrier because in practice many people who start up and cultivate SMEs do so without any formal prior entrepreneurship or business training and even fewer have exposure to formal leadership training before becoming the leader of their own organisation (Upton *et al.*, 1995). The high potential for background stress and emotional disturbance, isolation or attachment to their role that entrepreneurs experience because of their responsibilities as leaders in dynamic, agile but often vulnerable organisations makes the pursuit of leadership skills more appropriate (Huxtable-Thomas, *et al.*, in press).

There are few peer reviewed publications that agree on what SMEs should be taught or developed (Bolden and Terry, 2000; Shalley and Gilson, 2004; Adair, 2009) and even fewer on how leadership development for the leaders of SMEs should be guided (Kempster, 2004). This has left a space, only recently being filled, to look at qualitative research into leadership and in particular, entrepreneurial leadership development.

Since 2004, there has been an increasing move towards integrated, non-instructional models of leadership learning in the UK informed by the work of Kempster (2009) and the use of situational and experiential learning theory for entrepreneurs as advocated by entrepreneurship educators such as Rae (1999) and Gibb (1985). These types of learning aim to engage the learners in real world learning that they can relate to everyday experience.

This chapter introduces observations made during research into the LEAD Wales and Leading Growth Programmes that back up the calls in the recent literature for further research in this area. The chapter will continue by providing a case study of what can be done by a university to stimulate the

development of entrepreneurial leadership across the SME sector in Wales and its impact on economic and social wellbeing.

4.1 A short history of the Leading Growth programme at Swansea University

LEAD Wales, and subsequently Leading Growth, were created to address the gaps in knowledge and experience of the people that are taking up the challenge to grow the Welsh economy: the leaders of the nation's SMEs.

When LEAD Wales was first commissioned in 2009, it was well known that leadership development could lead to improvements in the performance of enterprises but exactly what caused this to happen had not been identified. Nearly six years later, a far better understanding of what really works, both during the programme and afterwards, has emerged due to the dedicated research that helped measure and develop both programmes.

At the time of writing (January 2016), 906 LEAD Wales and Leading Growth delegates have contributed at least 2424 new job opportunities and an additional £52,433,908 to the Welsh economy. These are only headline numbers based on impacts achieved during the ten months that each delegate was enrolled on a programme and clearly cannot tell the full story behind the impact on the individuals and their organisations beyond this experience. Changes that start during these leadership development programmes continue for years afterwards as witnessed by follow-up interviews and discussion groups with past participants.

4.2 Where Leading Growth began

LEAD Wales is a ten month programme of leadership development, delivered through a combination of experiential and situated learning. The course was funded from the European Social Fund administered by the Welsh European Funding Office and the university partners. During each ten month course, groups of up to twenty-eight delegates (all decision makers in SMEs and often owner/managers) spent up to seventeen days attending a diverse series of sessions which encouraged them to look at and often challenge their preferred leadership styles, re-evaluate their perceptions of effective practice in small business leadership, and help them address opportunities specific to their organisations, particularly focussing on their future aspirations.

This model had originally been designed by academics at Lancaster University based on work with leaders of small business and ran there successfully as the LEAD programme. During 2013 it became clear, as a result of the collection and analysis of data from programmes that the LEAD Wales delegates responded differently to those in Lancaster. The response of the Lead Wales lead partner (Swansea University) was to combine their evolving knowledge of the programme in practice with published academic research and prior

experiences of programme team leaders to identify not just what worked but why it worked. Keystone learning elements such as coaching training, formal reflective practice, presentation skills and sector or gender based learning groups, were identified for leaders in Welsh SMEs and, as a result of a funding opportunity through WEFO, the Leading Growth programme was designed and piloted between spring 2014 and summer 2015. During the five years of the combined programmes, 906 individuals from 750 enterprises completed one of the leadership development courses.

The remainder of this chapter relies heavily on the various elements of the combined leadership development programmes to explain how and where the influence on leadership development has been experienced.

4.3 Design of 'Leading Growth'

Leading Growth was developed as a structured programme, formally introducing the practice of reflection and reflective learning, as well as giving the learners the opportunity to complete a formal assignment in order to achieve a recognised qualification. This is a key difference – experience gained from LEAD Wales taught us that there are different levels of 'experiential' outcomes that can be thought of as a ladder of progression (see Figure 2). At the bottom of the ladder is the superficial experience; it may be fun, it may jolt a few thoughts, but the wider implications of the learning are often lost. This is often described by those who have participated in role play, or team building exercises that did not reflect their real lives.

At the top of the ladder are the lived experiences, those that had real credibility and consequences and as a result are often learnt and remembered outside of or beyond formal learning environments.

Pedagogy	Activity	Emotion and/or consequence level
Action research and/or action learning in the workplace	Observation, experimentation and reflection in real life situations. Learning translated directly to action	High emotional engagement with the task and the outcome. Emotions are authentic and relate to consequences for self and/or others.
Reflection on practice	Reflection on existing practice, which may take place away from the location of practice. Learning relates to principles of action	Some authentic emotion related to consequences of the activity and desire for personal improvement of skills or circumstances
Simulations (electronic or in practice)	Simulated activity in a virtual or real-life environment. Learning may relate to action or practice.	High levels of emotion and engagement but few consequences.
Team games in contrived situations	Learning experiences , based on metaphors, designed to engage emotions and reflectivity. Doesn't translate to action or behavioural change.	Some level of emotional engagement as a result of engagement with the task, rather than the outcome.
Performance and/or scripted role playing	These are engineered experiences that bear little or no similarity to real life practice, often in a formal learning environment. No lasting impact on action or behavioural change.	Little or no emotion or perceived consequences

Figure 1. The ladder of experiential learning (Hannon *et al*, 2015)

The aim of creating the Leading Growth programme was to push the learners up the ladder to deeper experiences whose relevance and implications beyond the formal learning environment were immediately obvious and whose lessons remained with them. In addition, the Leading Growth programme aimed to create life-long learning habits and to encourage the participants to reflect on, learn from, and continuously develop themselves and their enterprises as a result of encountering new experiences.

Leading Growth discarded the unstructured and generalised format of LEAD Wales and recognised the delegates' needs to assign and apply what they were learning to key leadership tasks. The structured approach described above was coupled with a deeper recognition of the value of emotional engagements and the unique leadership preferences of the delegates, identified through personality profiling and personal reflection. The model adopted in Leading Growth was developed by the Programme Manager (Gary Walpole) and this explicitly stated the learning outcomes and linked the learning to emotional intelligence models. Each session was described as either:

- *Leading Self* - focussed on self-awareness and self-management
- *Leading People* - focussed leaders on their awareness and management of others

- *Leading the Organisation* –taught the leader to set visions, and instil values and culture
- *Leading Growth* – introduced new tools and methods for strategic thinking and growth

Element	Description	Purpose (notes)
Induction	Introduction to the programme	To start the process of building trust in the group
Experiential event	Experience based learning activities, including games and tasks	2 day overnight residential course to cement the trust in the groups, to introduce the delegates to the habits of reflecting upon their actions
Shadowing	Observing another in their workplace and being observed	To experience alternative perspectives of leadership and enterprise
Masterclasses	Presentations and workshops from credible experts and leaders	To provide knowledge and/or information about alternative leadership tools and styles
Coaching	Personal leadership coaching	One to coaching with a professional coach to help address personal barriers to action
Action Learning	Small group sessions of delegates using action learning principles.	To assist delegates to identify and address pathways to effective action
Informal peer interactions	Any informal interactions amongst delegates, i.e. breaks, lunch time	Allows delegates a non-facilitated space to discuss issues and ask questions of peers
Exchange	Short consultancy type activity	One to one exchange of skills between delegates
Online forum	Online platform for communication	To provide consistent communications to delegates
Learning and reflection days	Days where prior learning is discussed	To allow and promote reflection and to collate the learning
Graduation	Final celebration of the programme	To provide a forum for sharing experiences

Table 1. Description of the elements of the combined programme

Personal reflection became the mode of assessment for delegates seeking to achieve a qualification in leadership and management. While it is true that leaders of SMEs are not, as a group, oriented towards gaining additional qualifications – the value of using a formal structure of reflection that is aimed at strengthening the learning was appreciated by delegates as a good habit that allowed them to ‘slow down and think about their next steps’. In short, by writing a reflection on a learning experience and how this could be applied to their firm, delegates felt that they were more likely to implement change. Delegates became more realistic and specific about what would be achievable.

The results of the study suggest that they experienced a greater sense of achievement as they were able to measure and celebrate their progress.

5. Results of research into LEAD Wales and Leading Growth

The following sections summarise the outcomes from the LEAD Wales and Leading Growth programmes achieved between 2010 and 2015. The start of the section identifies which elements of the programme had an impact on leadership development from the educational perspective while the remaining identifies the key learning about how entrepreneurial leaders learn and the outcomes that they can achieve when they do.

5.1 Learning lessons from leadership development

Researchers from the LEAD Wales and Leading Growth programmes collected data from delegates about their intentions, aspirations, and the programme's development and impact throughout a five year period. During this time, the knowledge and understanding of leadership development programmes have improved and alterations have been made to the questions asked and delivery styles used.

Data were gathered from delegates at entry to the programme and at graduation to measure changes in the delegates as a result of participation. This was analysed throughout the five years by a dedicated team of researchers and lessons passed to the leadership development team on a regular basis in order to influence delivery and design of the Leading Growth programme, as well as report against progress of LEAD Wales.

The remainder of this section of the chapter looks at the results of that analysis and provides an insight into some of the lessons learned about the impact of the combined programmes on the individuals, their enterprises and how policy actors can encourage learning in order to facilitate real change.

5.2 Leaders Learn Together, but they are all Unique

The last five years of running the LEAD Wales and Leading Growth programmes have shown that there is no common characteristic amongst the individuals that self-select to undertake leadership development programmes. What they do have in common is that they have experienced challenges within their businesses and personal lives, motivating them to seek support in their personal development to allow them and their businesses to move forward.

The LEAD Wales and Leading Growth teams have delivered leadership development programmes to cohorts of business leaders. Cohorts have typically been made up of business owners from various business sectors, with varying years of experience in leading a business, and varying levels of prior education. Cohort members have consistently been of mixed age and gender throughout. However, in order to assess if there is more to be gained from

single sector or single gender cohorts the Leading Growth programme trialled these options.

Following the completion of the LEAD Wales and Leading Growth programmes, analysis of the influence and outcomes of the programmes on the delegates indicates that the approach taken by the leadership development team is supportive and influential to all types of learners. Whilst it is evident from the analysis that different groups, cohorts and delegate types will respond differently, it is equally evident that the level of flexibility in the programme due to the mix of delivery and teaching styles offered, provides learning opportunities suitable to all these different types. Whilst sector, experience and position in the business influences the way the programme impacts on delegates, the design of the programme allows for delegates to experience teaching methods that suit them personally.

Gender and sector based cohorts had excellent outcomes for enterprise growth, achievement of leadership aims and wellbeing, despite initial concerns about competition and the ability to trust their fellow delegates. The programmes' strength and the benefit for the delegates are in facilitating a trusted and supportive environment for learning, which can be done in any diverse group of leaders or potential leaders.

This starts during an initial experiential event which sets out the mode of learning and interaction for the rest of programme. Introducing shared and personal reflective learning within a group environment, as well as developing trust through encouraging open sharing of leadership experiences, forms the foundation of the rest of the programme.

5.2.1 The impact of sector specific learning

Following the development of the Leading Growth programme, specific business sector cohorts were trialled for delegates from firms specialising in computer technologies, life sciences, energy or construction. The aim of the trial was to assess whether they could benefit the delegates' learning experience. Initially there was trepidation by the delegates' about the potential for close competition and unwillingness to share experiences within a sector specific cohort. However, these fears were unfounded. What was witnessed within these sector-based cohorts was a closer peer-to-peer experience because of their shared experience and knowledge. This did, however, create a problem during the action learning sets where the aim was to help each other by asking open questions to get to the bottom of issues, but required facilitation to stop delegates providing direct advice.

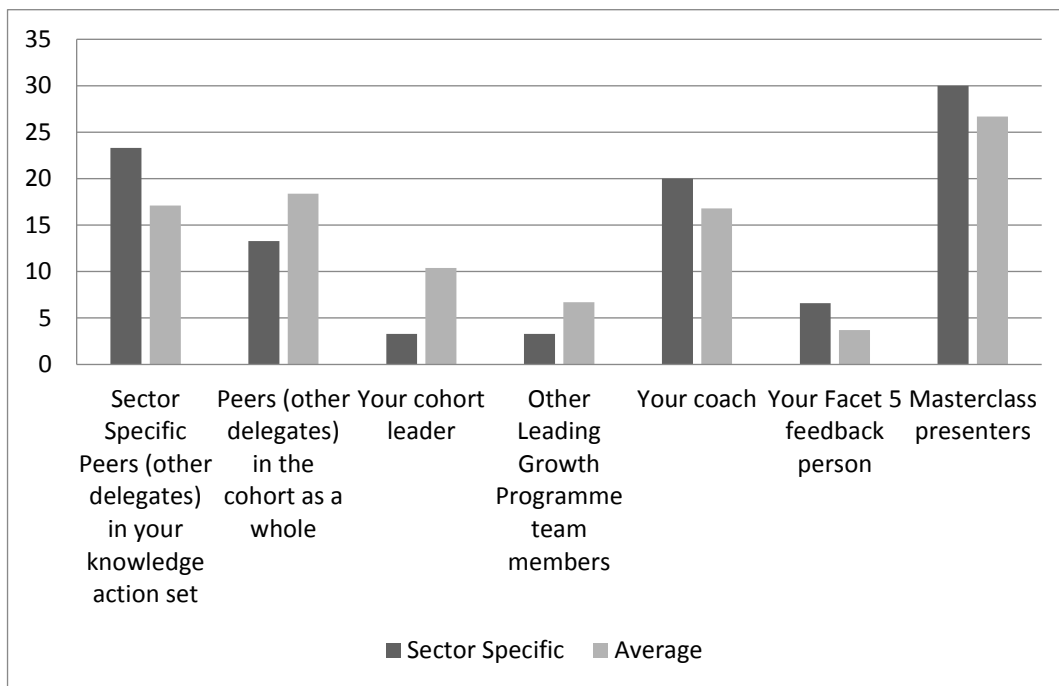


Figure 2. Percentage responses to statements about influence of programme elements or individuals for sector based cohorts

The results illustrated in Figure 2 show the comparison between the average reactions of mixed cohorts and sector-specific cohorts to the different people involved in the learning. The trust and influence developed within the action learning activity was more influential for the sector-specific cohorts and they became more influenced by masterclass speakers, the person who fed back their individual personality profile (Facet 5) and their coaches.

Based on the delegates' feedback on their shadowing experience, it became apparent that a sector approach facilitated trust that enabled them to be honest in their conversations. The proximity of a sector-based cohort may present challenges for some potential businesses: perceptions of competition, a lack of respect for the delegate's own sector, and confidentiality issues could have hindered the building of relationships. However, once these challenges and potential barriers were overcome, targeted groups were able to challenge and drive each other forward.

5.2.2 The impact of gender specific learning

A women's cohort was facilitated by the Swansea University team. The demand for this programme was the highest ever experienced by the team, supported by recommendations made by a network that the women already trusted, which helped reduce the concerns, barriers and uncertainty about committing to a new programme. Figure 3 illustrates the differences between how men and women are influenced by the various elements of the programme, and highlights how men and women learn in different ways.

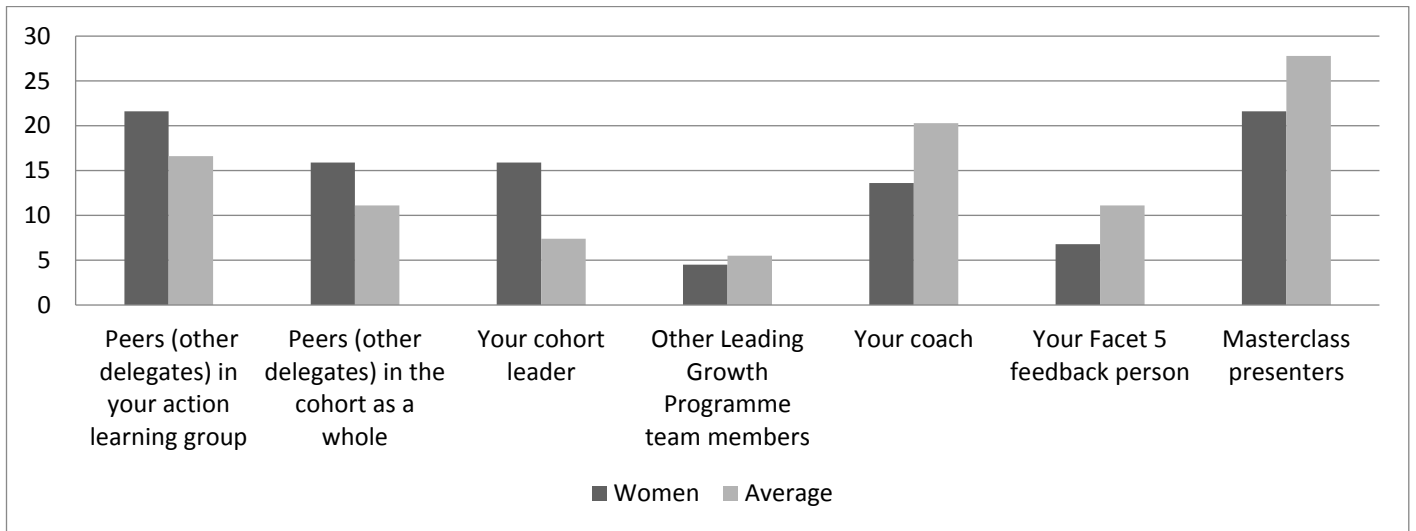


Figure 3. Percentage response to statements regarding influence of peers and leadership development team members on delegates according to gender

The evidence suggests that women-only groups have a stronger preference for learning from peers and from the cohort leader, who is seen as a facilitator but not necessarily a role model or expert. This is different from the average feedback received from mixed-cohorts across the combined programmes who generally state a preference for one-to-one relationships such as those with the coach or the Facet 5 feedback person and roles models such as the masterclass presenters.

5.2.3 Impact on Leaders and Managers

The Lead Wales programme had focused on training owner-managers in leadership. However, for the Leading Growth programme two cohorts were established to develop potential leaders in management roles. This cohort responded differently than the average to the training being offered, and as a result different elements of the programme were more influential to them than for the more typical 'owner-manager' learner group. The main difference seen between the owners and managers are the people they consider to be influential.

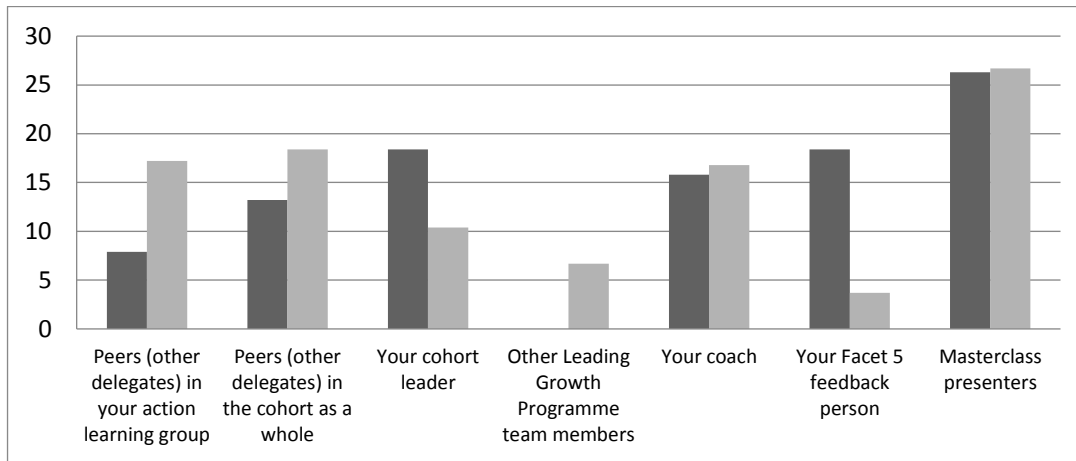


Figure 4. Influence of peers and leadership development team members on leaders and managers

On average, leaders are more likely to consider each other to be influential in their development throughout the programme, possibly because there is an understanding of how to establish and lead a business. However the potential-leaders (managers) cohort was far more likely to consider the programme leader to be influential. The differences seen in how this cohort chose to learn and develop is indicative of their experience of working within the hierarchical establishment of being an employee, whereas owners are more independent in their approach to gaining information and making assessments. Although the Facet 5 personality profiling was considered to be useful by all, potential leaders, in particular, considered the one-to-one feedback on the personality profile to be influential, whereas only 3.7% of owners considered this to be influential. This is possibly because Facet 5 provides the managers with ways of improving their relationship with those to whom they report, whereas owners do not have the same type of challenge within their roles. This is an important learning point as to where this type of detailed profiling is useful.

5.3 Focus on Individual Achievement

5.3.1 Contribution to individual achievement

People who join LEAD Wales or Leading Growth are making a decision to join a programme aimed at supporting owner-managers who want to grow their enterprises. By graduation, over 80% of the delegates had fully or partially achieved their aims whilst a further 19% succeeded in achieving aims that they had not initially highlighted for personal or business growth. The delegates identified their aims and objectives from the start. These aims were often both in terms of the business and for their personal work-life balance.

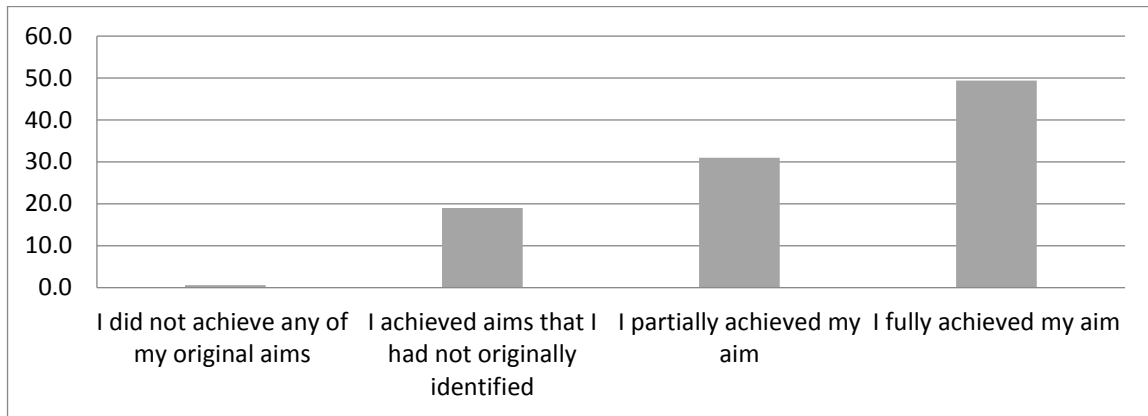


Figure 5. Percentage responses to statements about achievement of their personal aims

On entering the programme the delegates had their own expectations about what would be delivered and achieved via a leadership development programme. However 51.7% of LEAD Wales and Leading Growth delegates considered the programme to have exceeded their expectations. Given the varying levels of education, prior experience and training amongst the delegates, it suggests that the quality of the programmes offered is high and effective for a diverse population. On the whole, the programmes being offered by Bangor and Swansea Universities provided successful and beneficial programmes for businesses.

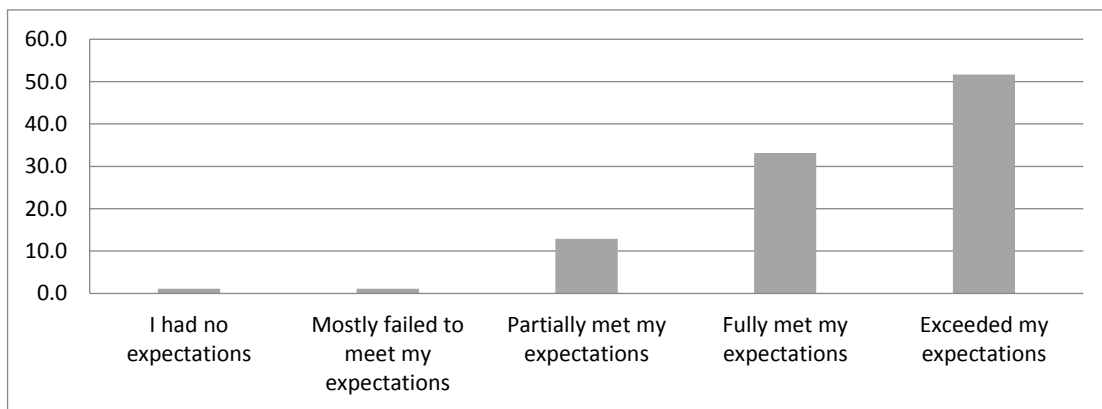


Figure 6. Percentage responses to statements about meeting expectations

5.4 Enterprises benefit from leadership development

When individuals have joined LEAD Wales or Leading Growth, a period of change or a major event in the lives of the owner-manager has often taken place in the twelve months prior to joining. These events, such as ill health, divorce, or a loss of a major contract, or a sense of being out-of-control or overwhelmed by the business, can lead to the owner-managers seeking support in order to re-establish their position within their business and driving their next phase of growth.

Delegates were asked to consider what has happened to their enterprises within the twelve months prior to joining the programme, and again at graduation. The results indicate that the influence of the programme allows the delegates to effect changes in their businesses during the ten months of the programme, enabling them to grow and develop post-graduation. In Figure 7, it is possible to see how the occurrence of events impacting the business changes from uncontrolled events, such as loss of a major contract, to expansion into new markets or premises. By the time delegates graduate from one of the programmes, they are often employing more staff, expanding their premises and introducing new products or services. While this matches with the overall project objective to encourage and support enterprises to grow, there is also a reduction in the number of companies reporting reduced turnover and employment. This suggests that the programme has a positive impact on maintaining enterprise size.

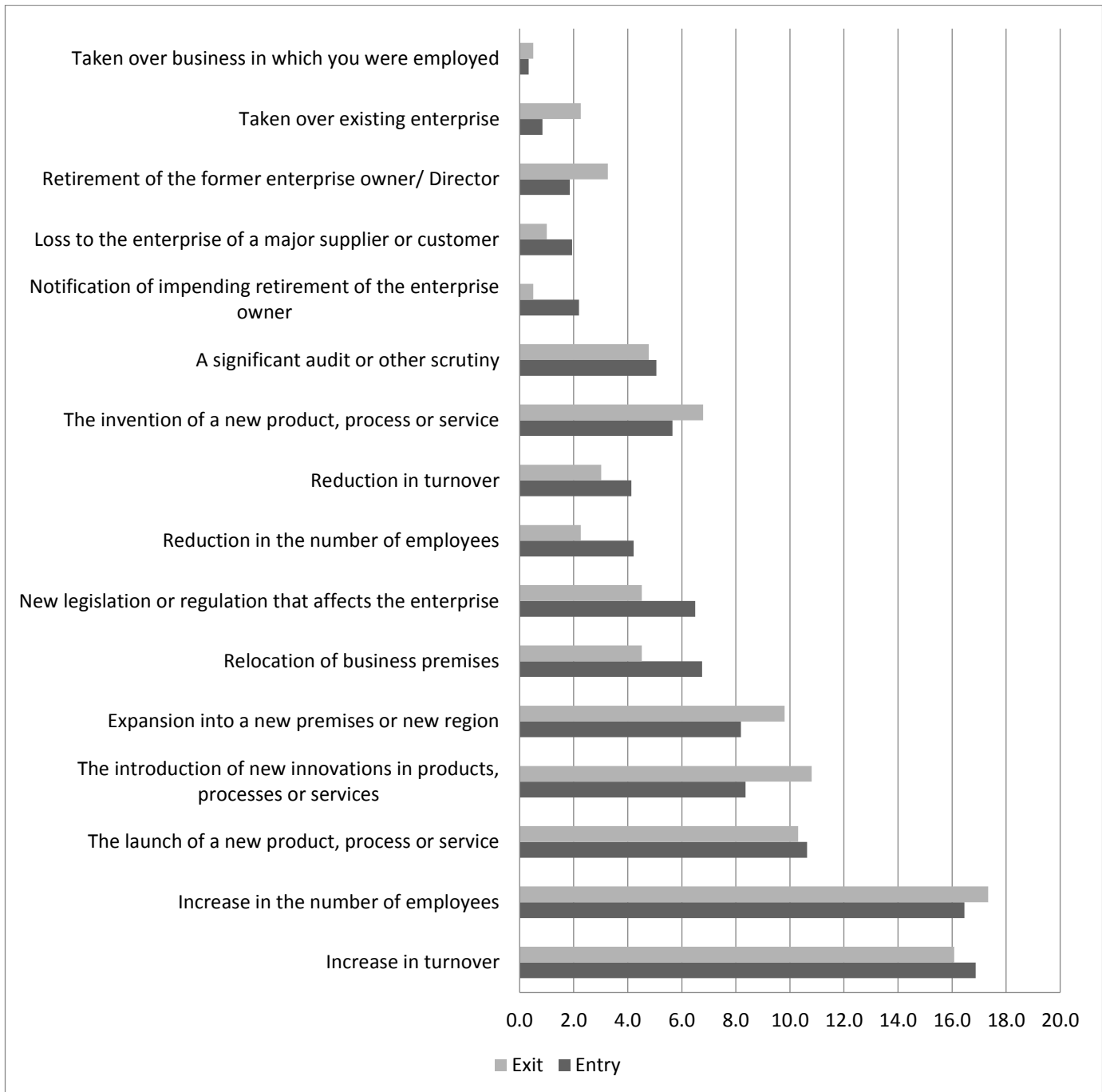


Figure 7. Percentage of delegates reporting changes within their enterprises at entry and exit from the programme.

5.4.1 Turnover and employment trends

Results from the delegates who completed the programme suggest that the majority of participants’ enterprises either increased or maintained the level of their turnover. As can be seen in Figure 8, 53.5% of delegates were able to increase their turnover by up to or over 20%. Less than 10% of companies experienced a decline in turnover during the ten months of the programme.

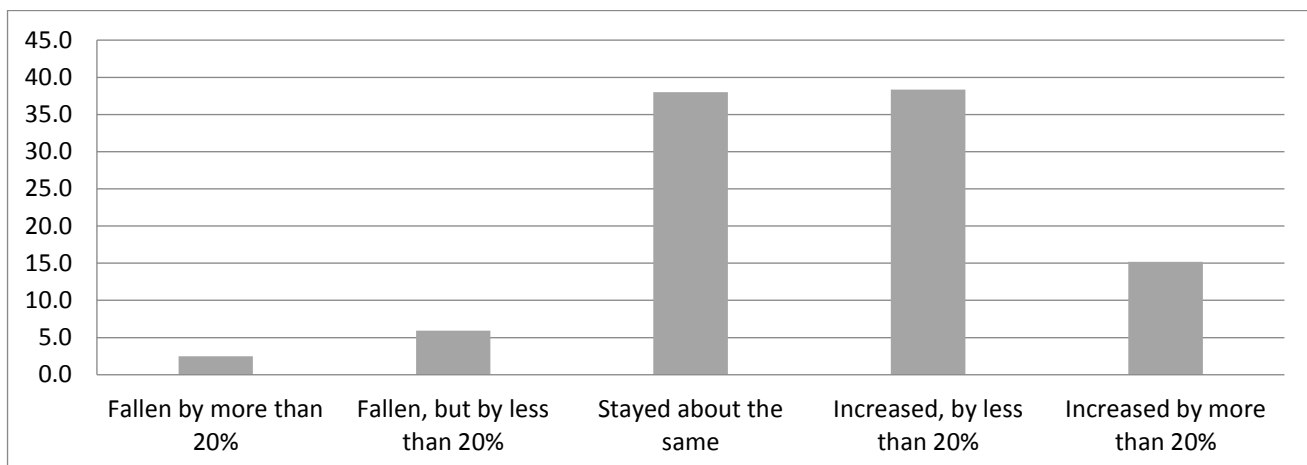


Figure 8. Average percentage changes in turnover post programme graduation

The same principle holds true for increases in employment, with 50% of participants reporting they had increased their employment levels during the period of the programme as shown in Figure 9.

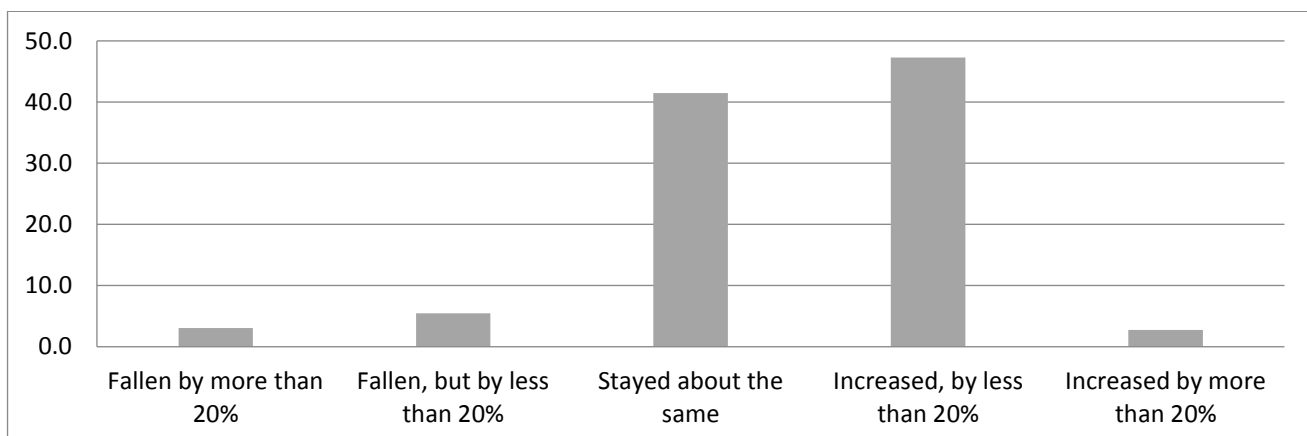


Figure 9. Responses to statements about average percentage changes in employment at programme graduation

5.4.2 Impact of the elements of the programme

Table 2 shows the correlation score (rather than percentage score) between the participants' preferred elements of the programme and the positive changes in employment or turnover. This is used to indicate which parts of the programme had the most positive reaction and benefits for delegates.

The 'positive' data represent the business owner-managers who reported the programme elements as being: a little helpful, helpful and very helpful, and also turnover and employment remaining the same, or growing by up to, and over 20%. The 'negative' data present the business owner-managers who reported

the programme elements as being unhelpful or neutral and their employment and turnover reducing by up to, and over 20%.

	Impact upon employment		Impact upon turnover	
	Negative	Positive	Negative	Positive
Peer 2 Peer	0.68	82.65	1.37	81.28
Experiential	1.40	81.82	1.86	83.68
Master-class	2.4	79.21	1.64	79.67
Action Learning	2.10	76.46	0.70	76.46
Shadowing	2.28	71.32	2.54	71.83
Coaching	2.39	69.38	1.91	69.86
CMI website	4.53	57.87	4.80	58.67
Online Forum	5.22	44.58	4.02	46.59

Table 2. Programme element impact upon firm growth

The findings presented in Table 2 indicate that each of the elements of learning has a positive influence on business development, either in impact on employment or turnover. Whilst there is a positive trend indicated for each element of the programme, some elements were more influential than others.

The overnight experiential and the peer-to-peer elements of the course are described as most helpful, and there is a high correlation between those who report this together with improvements in both turnover and employment. Over 80% of the business owner-managers providing data claimed that they found these two programme elements to be: a little helpful, helpful or very helpful, and that their turnover and employment benefited. Interestingly, those programme elements that were not considered to be as helpful (i.e. negative) had a lower correlation with negative changes on employment or turnover, showing that if delegates did not have a preference for a particular learning element, it was unlikely to have a negative impact on turnover or employment. The data support the design of the programme as influencing the strong, facilitated relationships garnered as a result and supports the proposition that leaders of small businesses prefer learning in ways that involve others and have practical elements, and where the learning method is appropriate and preferred, there is a positive relationship with enterprise growth.

5.4.3 Return on investment

The programmes have generated a 5.83% return on the original investment of £9,006,605 from the European Social Fund. In total the delegates have contributed to the creation of 2,424 new jobs – with the cost of investment per new job calculated at £3,715. The creation of these new positions has also contributed a net increase of £52,433,908 to the Welsh economy, indicating the addition on average of £21,631 in turnover per new employee. On average each company has generated an increase of £57,874 in turnover.

The overall impact of the programme has been measured against increases in company turnover and new employment opportunities. Of the 906 delegates who graduated from the combined programmes, 725 delegates were on the LEAD Wales programme, and 181 delegates were on the Leading Growth programme.

Net increase in turnover	Gross increase in employment
£52,433,908	2424
Return on investment (Public sector investment as a percentage of total net increase in turnover)	Programme cost per new employment opportunity
5.83%	£3,715
Average increase in turnover per delegate	Average increase in turnover generated per new employee
£57,874	£21,631

Table 3. Summary of the total economic outputs of the LEAD Wales and Leading Growth programmes

Since the 2014 annual report the net increase in turnover in the delegates' enterprises has increased from £32 million and includes a further 400 new jobs. This indicates that the programmes have continually supported business growth despite ongoing economic challenges. LEAD Wales and Leading Growth have both developed since the original LEAD programme and have adapted to the changing needs of the businesses in Wales' convergence region. Even allowing that some of this growth would have happened without the combined programmes, external evaluation based on a limited sample has calculated a conservative return on investment to GDP of £2.5 for every £1 invested.

The return on investment for the LEAD Wales and Leading Growth programmes goes beyond the impact on the Welsh economy, business growth and jobs created. The value of a leadership development programme to individuals and

enterprises has allowed business owner-managers to increase their confidence and levels of wellbeing, in turn improving their work-life balance. Empirical evidence also indicates that leaders invest more back into their staff as a result of their own participation, which can also enhance and develop further university-business relationships.

5.6 The Leadership Development Team must be responsive, credible and authentic

As stated previously, LEAD Wales was experiential in nature and encouraged business owner-managers to review their leadership styles and focus on change to drive growth. In addition, Leading Growth added a formal element of reflection and planning to leadership processes. The combined programmes were both designed to facilitate more effective leadership styles to be adopted and to expose leaders to peers and role models ~~that~~ who they would not otherwise have met. While the immediate outputs of this activity have been seen – delegates stating they are more able to think and act strategically and be more confident in their leadership – some less obvious learning outcomes have consistently been reported as a result of the programme, regardless of whether taught or introduced during the various learning elements.

Practical skills such as time management, delegation, strategic planning, setting and maintaining consistent policy, and communicating vision were not directly introduced within the programme. However, those are considered to be the agents for improving business performance as a result of improving leadership, which delegates attribute to learning during the ten month programme. This is also evidence that the course does not need to be completed to have an impact. Business owner-managers are seen to diversify, enter new markets and re-profile business aims and ambitions prior to course completion, apparently catalysed by the course rather than waiting for the course to be completed to feel empowered to engage in change.

What appears to be happening is that the habits of learning introduced during the programme, those of learning through observation, from peers, by seeking insights from credible role models and through structured reflection, motivates or inspires delegates to seek and/or practise other skills.

Feedback from delegates during the combined programmes has confirmed to us that the role and status of the people delivering the programme is of prime importance. Delegates often state that they could trust the facilitators and coaches because ‘they had been there and done that’ as current or former owners of small businesses, and further that they (the participants and educators) could relate to each other, which aided communication and empathy. The credibility of the facilitators, coaches and speakers appears to be an important element in engaging the participants in the learning, but more

accurately, lack of credibility led to quick disengagement. This had an impact on the peer-to-peer networking, action learning sets and the reflection supporting each masterclass. It is within these less structured learning environments that the knowledge was found to be cemented as a result of the masterclasses. The learning outcome was not that the participants had absorbed and could repeat the information presented to them, but rather that they had absorbed the information and considered how it could be relevant in their personal circumstances and business context.

6. Conclusions on the leadership development process

It is clear from the research that the combined programmes had a significant positive impact on the health and wellbeing of delegates, ultimately leading to more sustainable enterprises capable of continued growth. Completing a qualification allowed learners to structure their thoughts and keep a record of their development, which in turn has enhanced the capacity for change beyond what would be expected in the general population of leaders. The good habits that each leader (delegate) was encouraged to discover and adopt have been taken back to their enterprise and shared with the wider business community. There is evidence here to support the policy supposition that growing an entrepreneurial business starts with developing the leader.

Recognising the importance of diverse peer learning groups was an integral part of the programme, providing leaders of SMEs with the group of peers and role models needed to drive self-improvement, resulting in improvement in their enterprises. Even a sector-specific group can be diverse, as long as there is a mix of personal experiences, backgrounds, gender and age as well as product or market bases of the firms.

Personal and professional challenges motivate leaders to attend programmes. Focussing and, where possible, tailoring the programme to the needs of individuals allowed them to build the self-confidence and resilience needed to drive changes in their enterprises. By moving away from 'enterprise growth' and developing a leadership mind-set in the individual, more and greater possibilities are pursued. Doing this over an extended period (up to ten months), and recognising the real life implications of change on the individual, by providing a supportive environment, can also lead to improvements in well-being that are diffused into the workforce.

LEAD Wales and Leading Growth providers share the view that leadership is not about the day to day management of staff, resources or sales. The programmes do not teach processes of business planning or strategy creation. Instead they promote creating and implementing a vision and culture based on clear values that are reflected by staff at every level. The programmes do this initially by encouraging self-awareness, empathy with others and the ability to change. This is what drives sustained growth outside of and beyond the programme.

Successful leadership development results from creating practical learning experiences that the leaders of SMEs can individually relate to and encouraging them to take a more considered approach to implementing this straight away in their enterprises. Real and practical experiences create deeper emotional involvement, encourage leaders to reflect on their activities and ultimately create habits that can turn challenging situations outside of the classroom into positive learning environments and even business opportunities. All of this is only possible if the team responsible for delivering the learning opportunities are credible and authentic.

7. Conclusion on the role of entrepreneurial leadership in city region economies

This chapter aimed to provide an illustration of the case of a university in Wales stimulating the development of entrepreneurial leadership capacities in the owners, directors and managers of SMEs. It is clear that this approach supports the development of such an ecosystem through wealth creation, job creation, new innovations, sustainable firm growth and positive links with the university.

This study is an important starting point in the journey towards understanding the complete role that a university can play within an entrepreneurial ecosystem. This model has been valued by practitioners for its contribution to Wales, as evidenced by the receipt of a national recognition award in 2015, but as yet there is little robust data to compare it to in understanding whether this type of performance improvement would be the outcome of any educational effort aimed at improving entrepreneurial leadership.

The findings described here provide only a single view of the way in which focussing on entrepreneurial learning can drive improvements in performance of entrepreneurs and, as a result, drive more diverse employment and economic growth. This case example offers a unique and valuable insight into the activities that work to improve the leadership development of entrepreneurs, but opens up more questions about transferability and scalability. Was the success seen in this programme inevitable due to a local culture of entrepreneurial learning? Or has the culture come about as a result of the course? This requires a comparative study with other programmes which it is hoped this chapter will help to inspire.

[Insert Figure 10 here]

Further questions about the transfer of entrepreneur(ial) learning have also been raised. Figure 10 is a logic model created to illustrate the pathway through which leadership learning can lead to a stronger economy. This pathway suggests that the first step towards successful economic growth as a result of entrepreneurs learning come from passing learning on to others. The research to date on transfer of learning is limited in the realm of the entrepreneur. The assumption that improvements in one firm's performance as a result of

learning force change in competitors has not yet been studied at the regional level, nor has the assumption that this leads to improvements across the board and, eventually, the adoption of a culture of learning across an entire region or sector.

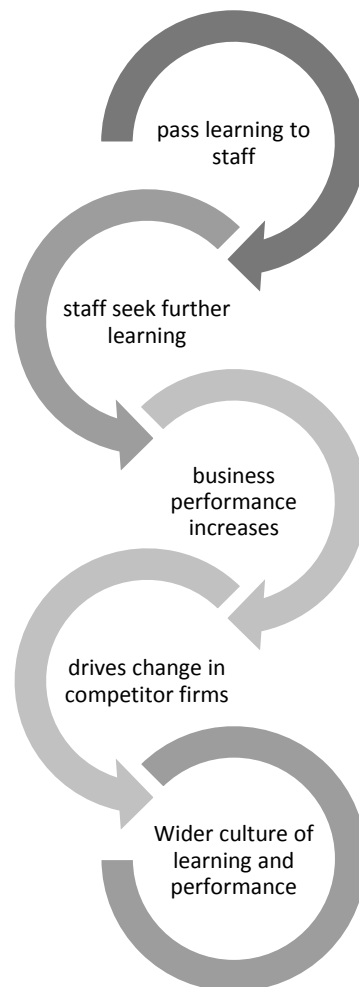
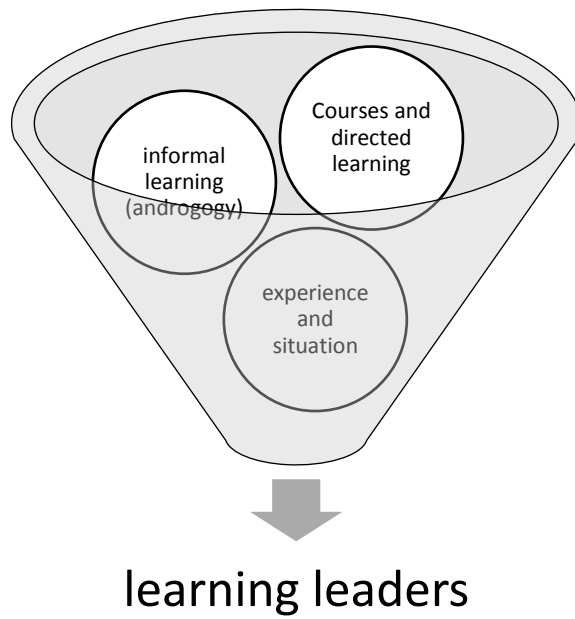


Figure 10. Logic model showing the journey from learning leaders to a wider culture of learning and business performance

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