

LEADERSHIP, CREATIVITÉ ET ROUTINE DANS LES PETITES ENTREPRISES EN HYPERCROISSANCE

LEADERSHIP, CREATIVITY AND ROUTINE IN SMALL BUSINESSES EXPERIENCING HYPER-GROWTH

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INTRODUCTION

Leadership in small businesses – including high-growth firms – insufficiently studied (Coglister and Brigham, 2004; Leitch et al., 2009; and Vecchio, 2003),

The place of leadership in growth and the processes linking leadership and growth still missing (Hansen and Hamilton, 2011; Koryak et al., 2015, among others).

Some firms grow rapidly and permanently: A question of leadership?

- Hypergrowth: a theoretical challenge and a managerial challenge
- Definition of hypergrowth
 - at least a 20% turnover growth during at least four consecutive years

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RESEARCH QUESTION

To address the research gap about leadership in high-growth small businesses, we raise the following research question:

What is the role of leadership
in the emergence and maintenance
of rapid growth in small businesses?

LITERATURE REVIEW

1.1 Hyper-growth trajectories and state models

Delmar et al. (2003) identify various types of growing companies, among which the “super absolute growers”, with a strong and regular growth in both sales and manpower.

For some authors, hyper-growth is primarily generated by unusual business opportunities (Fayolle, 2007) and a particular access to resources, primarily knowledge resources (Cassia and Minola, 2012)

LITERATURE REVIEW

1.1 Hyper-growth trajectories and state models

Chanut-Guieu and Guieu (2014) identify the over optimistic, proactive and independent characteristics of hyper-growth small business owners.

For Levie and Lichtenstein (2010), tension is central. Tension is the result of an opportunity which should be seized and the resources of the organisation should be geared towards achieving the objectives of the entrepreneur.

A sustainable hyper-growth trajectory can be analysed through a dynamic state model.

LITERATURE REVIEW

1.2 Leadership at the helm of growth, creativity and routine

Research about leadership has investigated positive conceptions of leadership as a behavioural style:

- (i) transformational leadership (Barling et al., 2002; Peterson et al., 2007; Piccolo and Colquitt, 2006; Pillai and Williams, 2004);
- (ii) authentic leadership (Gardner et al. 2011);
- (iii) shared leadership (Carson et al., 2007; Mihalache et al., 2014);
- (iv) charismatic leadership (Brown and Treviño, 2006; Den Hartog et al., 2004).

LITERATURE REVIEW

1.2 Leadership at the helm of growth, creativity and routine

Among the extensive literature on leadership styles, the distinction between **transactional and transformational leadership** appears as central.

Bass first distinguished transactional leadership from transformational leadership (Bass, 1985).

Transformational leadership “stimulate(s) and inspire(s) followers to both achieve extraordinary outcomes and, in the process, develop their own leadership capacity” (Bass and Riggio, 2006: 3).

LITERATURE REVIEW

1.2 Leadership at the helm of growth, creativity and routine

Herrmann and Felfe (2013) identified the link between the components of transformational leadership style and creativity. In contrast, we can associate transactional leadership to routine.

Creativity can be defined as “the production of novel and useful ideas by individuals or teams of individuals” (Amabile, 1997: 47).

RESEARCH PROPOSITIONS

In small businesses experiencing hyper-growth, the leader must simultaneously:

- (i) cause the novel ideas and the continuation of business opportunities; and
- (ii) build an organisation able to capitalise on those opportunities.

Drawing on the literature, and on our works on creativity, routine in hyper-growth small businesses (Chanut-Guieu and Guieu, 2015), we build three propositions about the central place of the leader in managing creativity and routine in the hyper-growth process.

RESEARCH PROPOSITIONS

Proposition 1: The leader's characteristics play a central role in the growth process.

Proposition 2: The leader uses different styles of leadership to develop and maintain growth.

Proposition 3: The leader manages balance and unbalance between creativity and routine to maintain hyper-growth through dynamic states.

The leader's traits

P1. The leader's characteristics play a central role in the growth process

- Innovativeness (*radical improvement ideas, new products/services, challenges*)
- Creativity (*opportunity*)
- Passion, Motivation
- Tenacity, Persistence (*wish to grow*)
- Bootstrapping (*do more with less, bricolage, starting from nothing*)
- Vision of future (*visionary*)
- Taking risks (*daredevil*)
In italics, Renko et al.'s items supplemented by the authors

Renko et al., 2015

The leader's behaviours

P2. The leader uses different styles of leadership to develop and maintain growth

P2.1. Transformational leadership fosters creativity

- inspirational motivation
- Idealized influence attributed
- Idealized influence behavior ”
- Intellectual stimulation
- Individualized consideration

P2.2. Transactional leadership fosters routine

- Contingent reward
- Management by exception (active)
- Management by exception (passive)
- Laisser-faire

Bass, 1985;
Herrmann, Felfe, 2013

The leader's equilibrium

P3. The leader manages balance and unbalance between creativity and routine to maintain growth through dynamic states

- Balance
- Unbalance
- Dominant logic
- Thresholds
- States
- Stages

Greiner, 1973; Levie and Lichtenstein, 2010

DATA AND METHODS

- 15 small companies from the south of France were studied for a multiple-case study. These companies were chosen according to some simple criteria: at least a 20% turnover growth during at least four consecutive years (hyper-growth), geographical proximity (in Provence or in Rhône-Alpes) and their diversity.
- We were granted privileged access to eight of them.
- Most of the empirical elements come from 48 semi-structured interviews carried out with 39 people from the Top Management Teams (Hambrick, 2007) of the 15 selected companies; a total of approximately 100 hours of written recordings.

FINDINGS. THE LEADER'S TRAITS (PROP. 1)

- **Leader's characteristics identified by Renko et al. (2015) in their comprehensive synthesis on leaders' traits**
- we propose that a leader's characteristics play a central role in the growth process.
 - **Vision** is often stated by leaders.
 - The capacity to seize opportunities is important in building the visionary character of the leader.
 - **Creativity** is important in the growth process. Some leaders say they “just have to be more creative than competitors”
 - Leaders talk about **motivation and passion** as qualities to succeed in hyper-growth: “Above all, you need to be involved, to be willing; it's only motivation.

FINDINGS. THE LEADER'S TRAITS (PROP. 1)

- Motivation is associated with **tenacity, persistence**, and the wish to grow and to take risks. Hyper-growth business leaders want to achieve objectives.
- Leaders, alone or in pairs, grow businesses by **bootstrapping**, starting a venture from nothing: “At the beginning, there is often one guy with a good idea [...]. There is somebody -more opportunistic than others - who sees something.
- When asked about differences with non-growing firms, hyper-growth business leaders underline a **risk-taking trait**: “I think that there are a lot of people who have ideas, but who do not dare to.” “(when you have to) choose between profit and growth, that’s always the latter that is preferred”

FINDINGS. THE LEADER'S BEHAVIORS (PROP. 2)

- **Leader's behaviors linked to leadership styles (Herrmann and Felfe (2013))**
 - **Transformational leadership fosters creativity (Proposition 2.1)**
 - The leaders inspire others to make them reveal their creative skills.
 - “you do that by encouraging people to participate in the process
 - “So they feel confident, both in my actions, and in my decisions”
 - “We have management systems that are honest and transparent. The employees work very well; their work is done correctly!”
 - “Let the ideas go, let see where you go from here, just let it happen, and it just happens”
 - “I strongly believe in people”

FINDINGS. THE LEADER'S BEHAVIORS (PROP. 2)

- **Leader's behaviors linked to leadership styles (Herrmann and Felfe (2013))**
 - **Transactional leadership fosters routine (Proposition 2.2)**
 - In routine phases, the leaders can stand back from previous actions and decisions and can monitor mistakes (active management by exception) to learn from them.
 - The leader fights fires that could break out from dysfunctions and from lack of anticipation
 - leaders sometimes prefer a laissez-faire attitude, avoiding involvement, because of lack of time and of immediate interest in the structuring of the business.

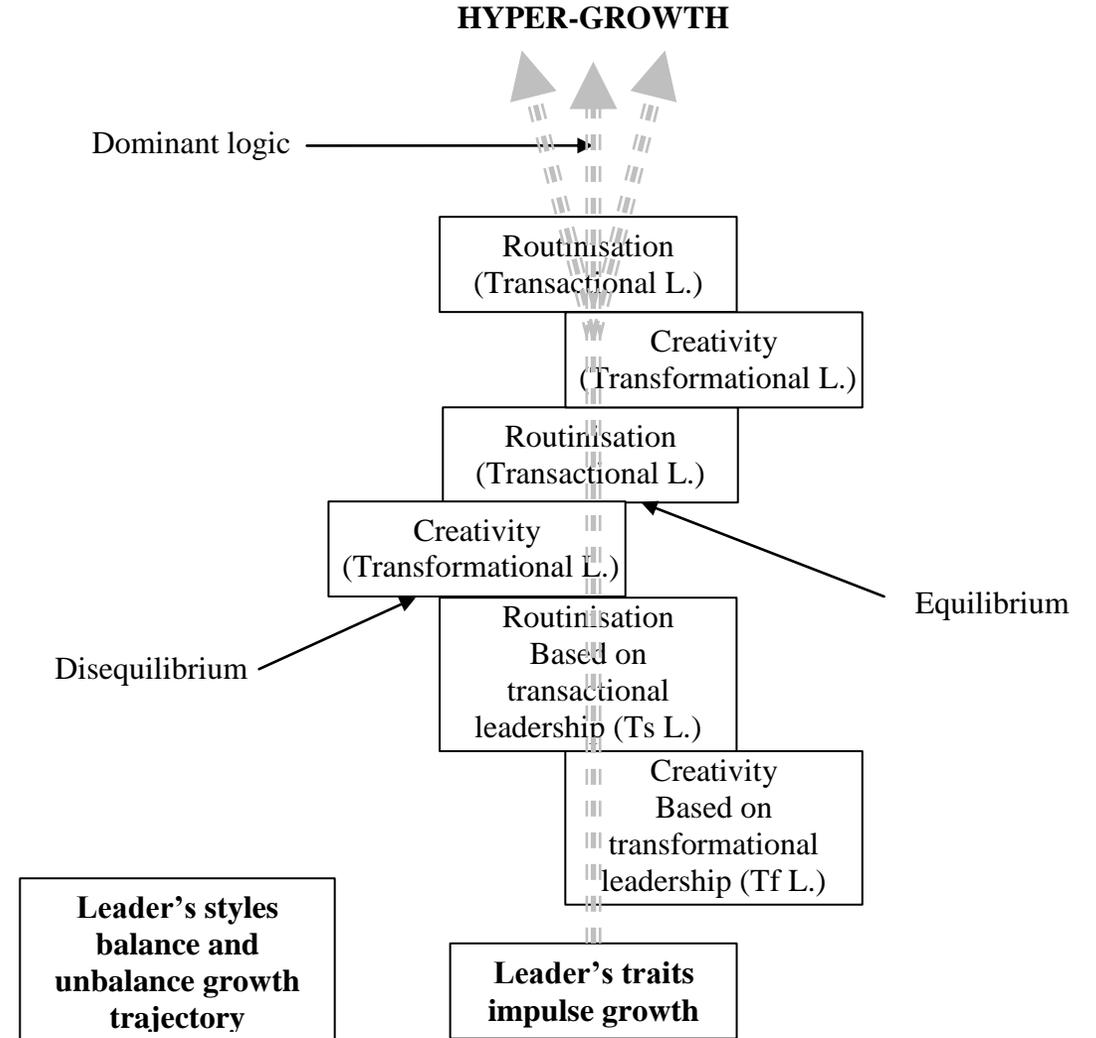
FINDINGS. THE LEADER'S EQUILIBRIUM (PROP. 3)

- **Managing dynamic states between creativity and routine processes**
 - One phase follows another.
 - A creativity phase jeopardises the organisation by destabilising it, and then a phase of routine re-stabilises the organisation.
 - Thus, imbalance and equilibrium cycles follow one another; hyper-growth continues, the dominant logic traced by the will of the leader continues, thresholds continue to be crossed, all thanks to a “controlled instability”.
- Pauses are considered as means to re-equilibrate the growth trajectory.
- Pauses that lead to routinisation
- Routinisation and creativity either alternating or simultaneous.

WHICH CONTRIBUTION ?

1. Proposal of a general model of growth

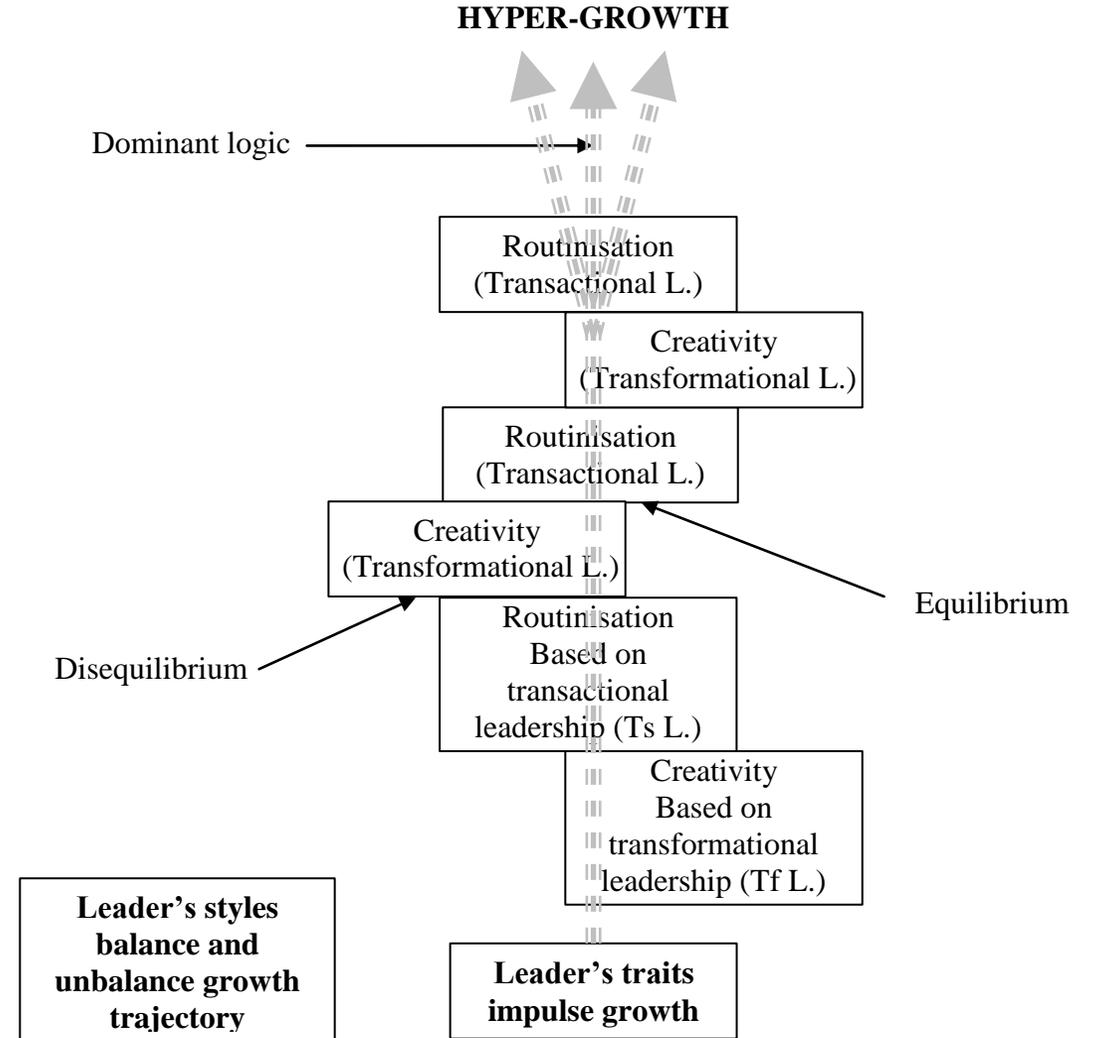
- Use by leaders of transformational and transactional leadership styles to promote phases of creativity and phases of routine



WHICH CONTRIBUTION ?

2. Routine is not necessarily a source of rigidity. Routine necessary to grow.

➤ Transactional leadership style necessary to grow.



WHICH CONTRIBUTION ?

3. Levie and Lichtenstein (2010) dynamic states model most relevant understand SB growth
4. Amendments to L&L model:
 - Shifts proactively generated by the firm and the leader, even if the environment does not change
 - The main trigger of growth is the pro-active combination of creativity and routine periods initiated by the leader

RECOMMENDATIONS, LIMITS AND AGENDA

➤ The leader must play a double part

- Being transformational and creative in order to remain a model, and managing creativity processes in the organisation
- Being transactional in setting procedures of unhooking (leave creativity to enter phases or routinisation).

➤ Limitations

- Conceptual : hyper-growth = exaggerated examples of growing firms >> slowly-growing firms?
- Methods: only TMT members interviewed
- Place of « dark leadership »

➤ Perspectives

- Quantitative design on a large sample
- Longitudinal study
- Entrepreneurial leadership, entrepreneurial identity (Lewis, 2015; Horstmeier et al., 2016)

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