

# ENTREPRENEURIAL LEADERSHIP IN SMEs: PERCEPTIONS OF OWNER – MANAGERS VS. EMPLOYEES

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**ABSTRACT**

The objective of this research is to investigate the perception of owner – managers and their employees regarding entrepreneurial leadership. To develop the research, two questions are raised related to the similarities or differences of the perceptions of both groups with what is established in the literature and between the self – evaluation of the owner – managers and their employees on whether the former perform as an entrepreneurial leader. As a research method, both groups are asked to perform, first individual evaluations and then to match certain behaviours and the levels at which they should appear at certain levels of entrepreneurial leadership capacity. The data gathered during the investigation were processed using the Categorical Principal Components Analysis and revealed the similarities and differences between the perceptions of the owner-managers and their employees on entrepreneurial leadership. In spite of not finding significant differences between what is established in the literature and among the perceptions of the groups under study, interesting nuances stand out that, if not identified and understood, could have a negative effect on the performance of SMEs. The results of the research demonstrated the importance of the approach of behaviour and perception in the study of entrepreneurial leadership.

**KEYWORDS**

Entrepreneurial leadership, perceptions evaluation, SMEs, owner – managers, employees.

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## Introduction

The importance of entrepreneurial leadership as influence to the growth of small- and medium-sized enterprises (SMEs) is palpable in the nowadays scientific literature, both in new ventures and in established organizations [1–6]. The need to adapt organizational structures and processes in search of a business model that conduct towards growth [6], to get use to pressures or capitalize on opportunities [7], to adapt in high velocity and uncertain environments [1], to influencing and directing the performance of group members toward the achievement of organizational goals [8], align individual, family and business goals [9], call for a leadership which can address all these challenges.

Although the importance that literature attaches to entrepreneurial leadership is verify [1, 2, 4, 6, 10, 11], not much is known about the perception that owners have of what entrepreneurial leadership is, what their subordinates understand by entrepreneurial leadership nor if there is a gap between both perceptions. This article addresses this problem in the context of a country like Ecuador where SMEs are important agents in the economy, whose revenues in 2016 represented 27.8% of the national GDP. However, these results were obtained with a high variation in the number of companies within each of the groups analyzed (micro, small and medium), in addition to a high mortality rate (30.6%) between 2012 and 2016 [12]. The study that yields the aforementioned results admits that “the dynamism of an economy depends

on the ability to undertake, sustain and allow business to grow, something that must still be worked on in Ecuador” [12].

Taking into account that the ability to develop companies that grow and be sustainable over time is a challenge for their owner – managers, and one of the main objectives of any economy, this research acquires relevance in the aforementioned context. On the other hand “entrepreneurial leadership is still evolving, lacks definitional clarity and has not yet developed appropriate tools to assess its characteristics and behaviours” [6]. The aim is to make an empirical advancement for understanding entrepreneurial leadership in SMEs at Ecuador: how owner – managers of SME perceive themselves, the meaning they ascribe to entrepreneurial leadership, how employees perceive this role in the evaluation of the owner – manager they work with.

This approach is original and distinct, taking into account that the most of work on entrepreneurial leadership tends to focus on its impact over diverse organizational variables [1, 2, 13], how to face uncertainty [14–16], theoretical definitions of entrepreneurial leadership construct [5, 17] or outlining the commonalities between entrepreneurs and leaders [18]. This article further responds to the idea of Leitch and Volery [6] that more investigation related with entrepreneurial leadership is needed: on all units of analysis, on all organizational context and on all cultural context. Meanwhile Middlebrooks [19] says that there is still “a need for a coherent model that identifies the consequential attributes that make individuals successful as both entrepreneurs who effectively lead and leaders who effect entrepreneurial change in their organization”. Is also the opinion of Karmarkar et al. [17], analysing entrepreneurial leadership, that “a better understanding of the elements that comprise this concept is of vital importance in understanding and developing the concept itself”. Entrepreneurship leadership research at Ecuadorian context lack of any substantial assessment.

The article is organized as follows. The next section presents a review of the literature on entrepreneurial leadership studies trying to identify the most common roles assigned to it and justifying why it is important to study the perception of the actors of the business practice for a better understanding of the subject. The Categorical Principal Components Analysis is a proposed method to reach the aim of the investigation. A discussion of the findings is presented arguing the accepted perception on entrepreneurial leadership. The article concludes with new insights into how entrepreneurial leadership is perceived by owner – managers and their employ-

ees and the implications for academics and practitioners.

## Theoretical background

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SMEs needs leaders who create adaptive spaces to flourish new ideas, innovative solutions, learning and growth [7, 20, 21], in order to be innovative and adaptive organizations [2]. Entrepreneurial leadership, the blended notion of entrepreneurship and leadership, has to do with all this kind of novelty that allow SMEs, emerge, change and adapt to its environment [1–3, 5–8, 18, 22, 23].

Some authors point out the variety of perspectives and definitions adopted concerning entrepreneurial leadership as symptoms of lacks definitional precision and proper tools to evaluate its characteristics and behaviours [2, 6, 8, 24]. Despite this, literature show abundant researches trying to get closer to entrepreneurial leadership both theoretical [1, 6, 7, 10, 13, 25, 26] and empirical approaches [2, 8, 19–21, 24].

In spite of entrepreneurial leadership has been conceptualized as a role [19, 27], ability [28, 29], style [30, 31] or a process [32, 33], the authors of this research are aligned with the current research in entrepreneurial leadership that move from personalities and traits to role and behaviours [6, 8, 34]. This is also supported in the fact that current measures of leadership perceptions cover, among other components, the behaviour [13].

That is why entrepreneurial leadership is understood as leadership role performed in entrepreneurial ventures [1, 6]. A summary of a consensus around this roles and behaviour founded at literature is shown at Table 1.

The roles and behaviours mentioned before are understood like the theoretical point of view of what entrepreneurial leadership is. A high presence of them indicate that an owner – manager has a very high entrepreneurial leadership capacity. However, many owner – managers of SMEs have not had formal training in entrepreneurship, managing or leading others [25, 35], and some of them has his own perception of what leadership and entrepreneurship is.

This is the reason why:

- Sometimes owner – managers perceive themselves as entrepreneurial leaders but perhaps this perception does not have to do with the definition scholars give to entrepreneurial leadership.
- The previously identified roles do not always manifest in the same way in the behaviour of the owner – managers and are not always perceived in the same way by their subordinates.

Table 1  
More common roles and behaviour found.

Authors	Stimulates creativity	Influences and direct the performance of group	Facilitate and foster the implementation of new ideas	Anticipate future problems and exploit opportunities	Encourages taking risks and face ambiguity and uncertainty	Emphasize the importance of tenacity in pursuit of goals	Give the example by being flexible
Gupta et al. [5]	•	•	•	•	•	•	
Kozłowski [26]	•			•	•		
Hunter & Lean [20]	•	•	•		•		
Renko et al. [8]	•	•		•		•	•
Koryak et al. [10]		•		•			
Duening et al. [25]	•	•			•	•	•
Chan et al. [21]				•	•		
Balasubramanian [18]		•		•			
Uhl-Bien & Arena [7]	•	•	•			•	•
Sklaveniti [1]	•	•				•	•
Moser et al. [22]			•	•	•		
Leitch & Volery [6]		•	•	•	•	•	
Dean & Ford [24]		•	•				
Bagheri [2]		•	•		•		
Matejun [16]	•	•		•	•		

That is not to say that such owner – managers are incompetent of developing the skills of effective leadership just because their perception could be different to the scientific discourse. This only could validate that not in all contexts it is possible to find the same perception of what entrepreneurial leadership is and would imply to consider the differences found. Another issue would be that the perception of the owner – managers of entrepreneurial leadership is not similar to the perception of their employees. The implications for practice, in this case, would be significant and may limit the performance of the business. The owner – manager may view himself as an entrepreneurial leader adopting in high degree each one of the roles mentioned before but his employees could be perceiving the other way around. In both cases this perception will affect the way owner – manager and employees behave with the negative implications for perform. Entrepreneurial leadership permeates SMEs in all aspects, serving as a critical factor that separates fail from success [18, 33, 36, 37].

The study of the perception related to entrepreneurial leadership is vital because “people’s behaviour is based on their perception of what reality is, not on reality itself. The world as it is perceived is the world that is behaviourally important” [38]. Furthermore, there is a link between perception and individual decision-making and in an SME the owner – manager and their employees are constantly making decisions, and the quality of them is largely influenced by the perceptions of both parties [38]. The managers efforts to behave in a way they perceive is

correct for the good of their organization and satisfaction of their employees is less important than how employees perceive that efforts.

From de point of view of the authors of this research, it is useful to reveal if the perception and meanings of the entrepreneurs go beyond the entrepreneurial academics discourse and embrace diverse or conflicting perspectives [13, 18, 24, 39]. In doing so, we attempt to fill the research gap in understanding if there is similar or different perception of owner – managers and its employees between theory and practical perception of what entrepreneurial leadership is. From the theoretical point of view this could contribute to the comprehension of this type of “entrepreneurial” leader who is required in the increasingly turbulent and competitive environment SME work today [5]. That is way research must spend time understanding how owner – managers interprets what entrepreneurial leadership is and how their employees do it and try to eliminate the distortions.

With that information would it be possible to improve managerial skills, in particularly entrepreneurial leadership, and the role its play to achieve improved performance [4, 40, 41]. The aforementioned follow the idea that the efforts to improve the skills of the SME owner-managers have a positive impact at the enterprise, as well as the wider locality within which they perform [42, 43].

On the other hand, most of the research about entrepreneurial leadership does not include under developed countries, this could be a problem to the

organised theory about this topic. This acquires relevance if it is accepted that perceptions of owner – managers from this countries may not coincide with what is established in the literature [5, 6, 19, 39, 44].

Taking into account the differences in context between the main theoretical productions related to the entrepreneurial leadership and the business environment that will be studied in this research, the following questions can be considered:

- Will the self-assessment of the owner-managers coincide with that of their employees in relation to the managerial relationship?
- Is the perception of owner-managers and employees similar to what literature considers as entrepreneurial leadership?

## Method

Data for this study was collected from owner – managers and employees of SMEs registered as legal persons located in Santo Domingo de los Tsáchilas,

Ecuador. The information was extracted from the database of the National Institute of Statistics and Censuses (INEC – acronyms in Spanish) and used only those companies that were classified by this agency, in 2016, in micro, small and medium. Table 2 displays the composition of SMEs and the sample calculated.

Table 3 presents the sample of employees to be extracted from companies in the studied population.

Based on the review of the literature, seven behaviours (variables) associated with entrepreneurial leadership will be studied. Each of the behaviours will be evaluated with a scale of five points associated with the levels of each variable. These seven variables and its evaluation showing at Table 4 will be crossed with five levels of entrepreneurial leadership including, Very high entrepreneurial leadership capacity (VHEL), High entrepreneurial leadership capacity (HEL), Average entrepreneurial leadership capacity (AEL), Low entrepreneurial leadership capacity (LEL), and Very low entrepreneurial leadership capacity (VLEL).

Table 2  
Characteristics of the enterprises sample.

		Size of enterprises*			Total
		Micro	Small	Median	
Economic Sectors	Agriculture, forestry and fishing	29 (3)	27 (2)	14 (1)	70 (6)
	Exploitation of Mines and Quarries**	3 (0)	2 (0)	1 (0)	6 (0)
	Manufacturing industries	17 (1)	25 (2)	10 (1)	52 (4)
	Commerce	77 (7)	81 (7)	54 (4)	212 (18)
	Building	63 (5)	39 (4)	10 (1)	112 (10)
	Services	423 (36)	126 (11)	32 (3)	581 (50)
Total		612 (52)	300 (26)	121 (10)	1033 (88)

\* Sample between parenthesis (95% degree confidence; 5% Margin of Error). Proportionate random sampling for economic sector; \*\* non representative sector of the locality.

Table 3  
Average of employees.

Size of enterprises	Thresholds (number of employees)*	Sample of enterprises	Employee Sample**
Micro	1 a 9	52	52
Small	10 a 49	26	260
Median	50 a 199	10	500
Total		88	812

\* Comunidad Andina de Naciones (CAM) (2008); \*\* a quota was assigned taking into account the minimum value of the threshold.

Table 4  
Variables and level values.

Variables (Behaviours)	Values level*
Stimulates creativity	1. Very high (VH) 2. High (H) 3. Moderate (M) 4. Low (L) 5. Slight (S)
Influences and direct the performance of group	
Facilitate and foster the implementation of new ideas	
Anticipate future problems and exploit opportunities	
Encourages taking risks and face ambiguity and uncertainty	
Emphasize the importance of tenacity in pursuit of goals	
Give the example by being flexible	

\* An ordinal level is specified for all analysis variables.

Owner – managers and employees were recruited at their businesses. Prior to the start of the evaluation about the perception of what entrepreneurial leadership is, the owner - managers categorized themselves with a Very high entrepreneurial leadership capacity (VHELIC), High entrepreneurial leadership capacity (HELIC), Average entrepreneurial leadership capacity (AELIC), Low entrepreneurial leadership capacity (LELIC), and Very low entrepreneurial leadership capacity (VLELIC). In addition, employees were asked to evaluate, with the same classification, the entrepreneurial leadership capacity of the business owner – managers. To process this data was use a crosstabs algorithm to compute the Cohen’s Kappa measure of agreement between the Owner – managers and employees’ scores [45].

This approach will allow us to have a first impression of how both groups are perceiving entrepreneurial leadership, without going into how they understand what they perceive.

To find an explanation out the data from perceptions of owner – managers and employees concerning entrepreneurial leadership, Categorical Principal Components Analysis (CATPCA) in IBM SPSS 23 will employed. Very few studies have applied CATPCA in leadership research. This multivariate technique for dimensionality reduction allows to reduce the number of mutually correlated variables and to detect nonlinear underlying patterns in the relationships between variables [36, 43, 46].

The CATPCA procedure quantifies categorical variables using optimal scaling, resulting in optimal principal components for the transformed variables [47, 48].

The variables can be given mixed optimal scaling levels and no distributional assumptions about the variables are made. A set of variables is analysed to reveal major dimensions of variation. CATPCA reduces the original set of variables into a smaller set of uncorrelated components that represent most of the information found in the original variables. By reducing the dimensionality, is possible to interpret a few components rather than a large number of variables [49, 50].

### Empirical study findings

The results presented in Table 5 indicate that there is not an agreement between owner – managers self – evaluation of entrepreneurial leadership and the evaluation that employee assigned to the entrepreneurial leadership practices of the business owner – managers.

The value of Kappa is not statistically significantly different from zero (0), and its value of 0.109 suggests that evaluations are largely divergent, with some exceptions. Table 6 exposes the detailed relationship between Self-perception and Employee perception of entrepreneurial leadership practices.

Table 5  
Measure of agreement between owner – managers and employees.

	Value	Asymptotic Standardized Error <sup>a</sup>	Approximate T <sup>b</sup>	Approximate Significance
Measure of Agreement	Kappa 0.109	0.062	1.975	0.048
No of Valid Cases	88			

<sup>a</sup> Not assuming the null hypothesis; <sup>b</sup> using the asymptotic standard error assuming the null hypothesis.

Table 6  
Crosstabulation Self-perception vs. Employee perception.

		Employee perception of business owner – manager (EP)					Total	
		VHELIC	HELIC	AELIC	LELIC	VLEIC		
Owner – manager Self – perception (SP)	VHELIC	Count	1	2	2	3	1	9
		% within SP	11.1	22.2	22.2	33.3	11.1	100
	HELIC	Count	2	3	7	4	3	19
		% within SP	10.5	15.8	36.8	21.1	15.8	100
	AELIC	Count	4	0	12	9	7	32
		% within SP	12.5	0.0	37.5	28.1	21.9	100
	LELIC	Count	0	2	7	9	3	21
		% within SP	0.0	9.5	33.3	42.9	14.3	100
	VLEIC	Count	0	1	0	3	3	7
		% within SP	0.0	14.3	0.0	42.9	42.9	100
	Total	Count	7	8	28	28	17	88
		% within SP	8.0	9.1	31.8	31.8	19.3	100

Nine owner – managers saw themselves with a VHELIC and HELIC, but only one is evaluated in the same ways by their employees. Nineteen owner – managers perceive themselves HELIC, only three are perceived in the same way by their employees. In general, 28 owner-managers (31.82%) perceive themselves VHELIC and HELIC, but only 15 (17.04%) are perceived by their employees with the same capacity.

In order to understand the perceptions of the researched groups about entrepreneurial leadership, both owner – managers and employees were asked to evaluate the levels of the studied variables associated with levels of entrepreneurial leadership. The results for each group are discussed below.

### Owner – managers’ results

The two-dimensional solution accounts for 100% of the variance, indicating the goodness of fit of the components. The model summary table also shows a measure of reliability, Cronbach’s alpha, which is maximized by the CATPCA procedure (see Table 7).

This allows the construction of graphic plot of the variables and it levels (Table 4) used for each entrepreneurial leadership behaviour analysed (see Fig. 1).

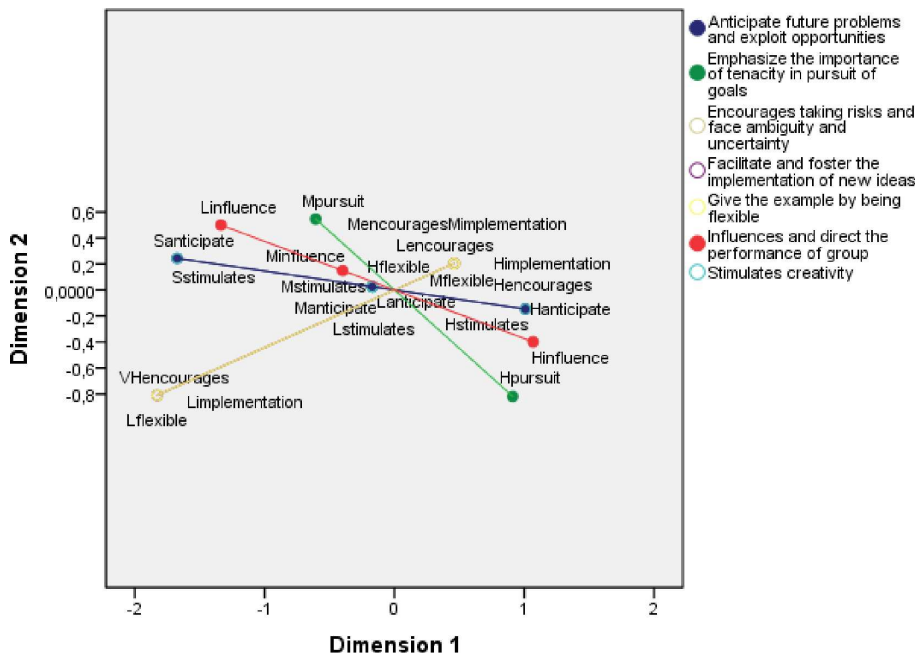
Table 7  
Model summary for Owner – managers.

Dimension	Cronbach’s Alpha	Variance accounted for	
		Total (Eigenvalue)	% of Variance
1	0.969	5.897	84.241
2	0.108	1.103	15.759
Total	1.000 <sup>a</sup>	7.000	100.000

<sup>a</sup> Total Cronbach’s Alpha is based on the total Eigenvalue.

Glancing at the plot of the category points is possible to see that the categories of the behaviours emphasize the importance of tenacity in pursuit of goals and Influences and direct the performance of group, were sufficiently separated by the categorical principal components. Behaviour Anticipate future problems and exploit opportunities, and Stimulates creativity have equal quantifications for their categories and the directions of their scales are similar.

The rest of behaviours have equal or almost equal quantifications for their levels and were not clearly separated by the categorical principal components analysis. The directions of the scales of behaviour facilitate and foster the implementation of new ideas and give the example by being flexible is contrary to encourages taking risks and face ambiguity and uncertainty.



Variable Principal Normalization.

Fig. 1. Joint plot category points.

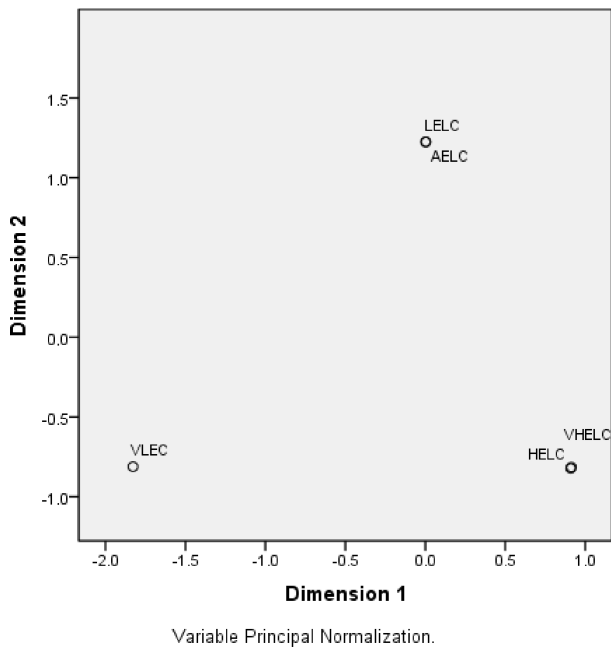


Fig. 2. Object Points Labeled by leadership\_capacity.

By focusing on the category points, it is possible to see some obvious relationships. Stimulates cre-

ativity, Anticipate future problems and exploit opportunities, Influences and direct the performance of group and Emphasize the importance of tenacity in pursuit of goals seems to go hand-in-hand. Give the example by being flexible and Facilitate and foster the implementation of new ideas seems to be affected by Encourages taking risks and face ambiguity and uncertainty. The plot of the behaviours scores can be useful for detecting groups between them (see Fig. 2).

The first dimension appears to separate VHELHC and HELHC, which have relatively large positive scores, from VLEC, which have large negative scores. The second dimension has two clumps: VHELHC, HELHC and VLEC with large negative values; AELC and LELC with large positive values. This is easier to see by inspecting the plot of the object scores. There are two evident aggrupation; (1) HELHC and VHELHC were perceived almost the same as well as (2) LELC and AELC and VLEC were perceived separated from the two other aggrupation. To examine the relation between the behaviours and the variables, look at the biplot of behaviours and component loadings (see Fig. 3).

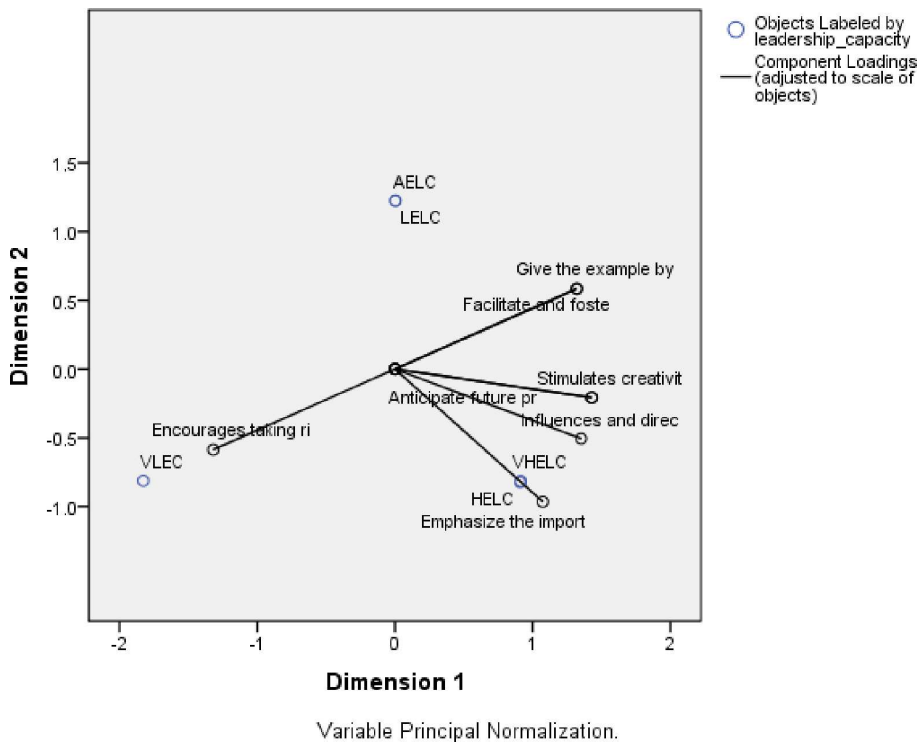
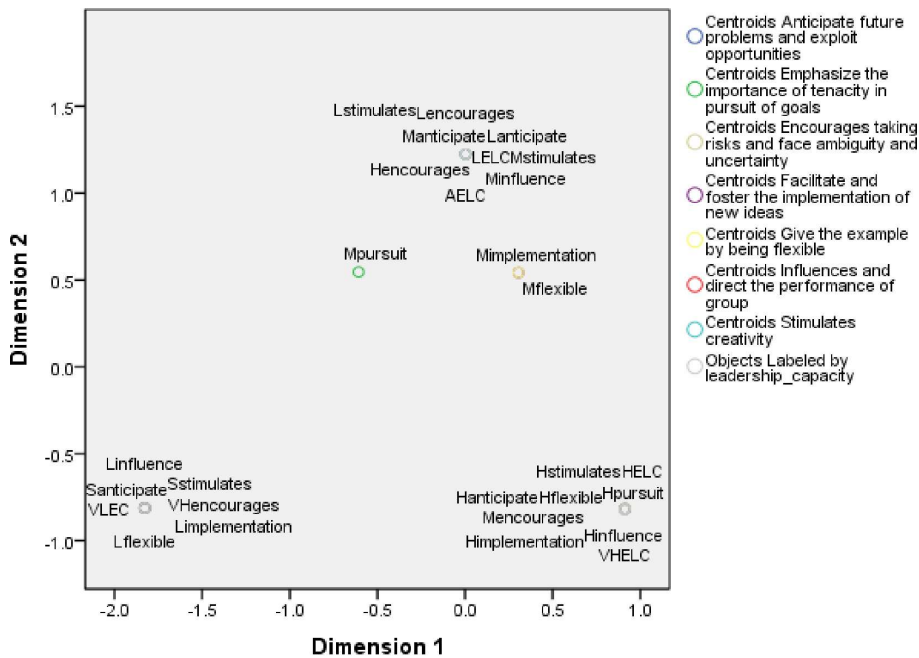


Fig. 3. Biplot behaviors and the variables.



Variable Principal Normalization.  
 Fig. 4. Biplot behaviors and the variables' categories.

The vector of a variable points into the direction of the highest category of the variable. Thus, AELC and LELC are characterized by very high giving the example by being flexible and facilitating and fostering the implementation of new ideas and low emphasizing the importance of tenacity in pursuit of goals. VLEC, by very high encouraging taking risks and face ambiguity and uncertainty and low Giving the example by being flexible and facilitating and fostering the implementation of new ideas. VHEL and HELC are characterized mainly by very high emphasizing the importance of tenacity in pursuit of goals, influencing and directing the performance of group and stimulating creativity (see Fig. 4).

### Employees' results

With 99.71% of the variance and 1 of Cronbach's alpha coefficient as an indicator of internal consistency, data were highly consistent with two dimensions, and solution is also sufficient to explain the data of employees concerning entrepreneurial leadership perception. The model summary is showed at Table 8.

With the data obtained from employees was possible the construction of graphic plot of the categories

used for each entrepreneurial leadership behaviour analysed (see Fig. 5).

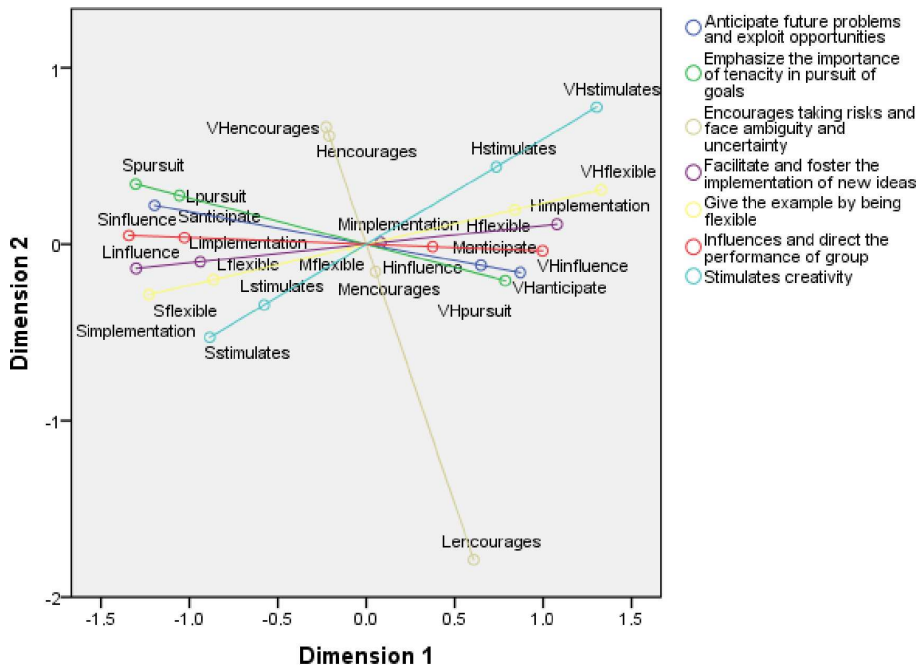
Table 8  
 Model summary for Employees.

Dimension	Cronbach's Alpha	Variance accounted for	
		Total (Eigenvalue)	% of Variance
1	0.961	5.663	80.898
2	0.280	1.317	18.812
Total	1.000 <sup>a</sup>	6.980	99.711

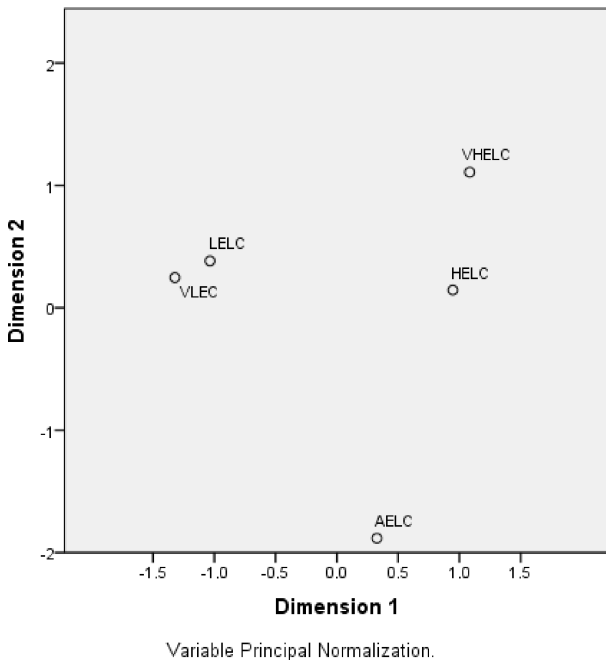
<sup>a</sup> Total Cronbach's Alpha is based on the total Eigenvalue.

From the analysis of the plot of the category points is possible to observe that some of the categories of some variables were not clearly separated by the categorical principal components analysis as cleanly as would have been expected with the ordinal scale. This is the case of the categories of the behaviours Emphasize the importance of tenacity in pursuit of goals and Anticipate future problems and exploit opportunities. The directions of their scales are similar but different quantifications for their categories. The rest of behaviours and categories seems to be separated enough with similar directions of their scales but different quantifications for their categories.





Variable Principal Normalization.  
Fig. 5. Joint plot category points.



Variable Principal Normalization.  
Fig. 6. Object points labelled by entrepreneurial leadership capacity.

Some clear relationships appears. Give the example by being flexible and facilitate and foster the implementation of new ideas seem to be tied. The same appears between Influences and direct the performance of group, anticipate future problems and ex-

plot opportunities and emphasize the importance of tenacity in pursuit of goals. Groups between behaviours can be detected by plotting behaviours scores (see Fig. 6).

The first dimension appears to separate VHELC and HELC, which have relatively large positive scores, from LELC and VLEC, which have large negative scores. The second dimension has two clusters: VHELC with large positive value and ALEC with large negative value and the other categories of entrepreneurial leader capacity in between.

There are three possible aggrupation; HELC and VHELC were perceived quite near LELC and VLEC were perceived almost the same and ALEC were perceived separated from the two other aggrupation. The relation between the behaviours and the variables are shown at Fig. 7.

The vector of a variable still points into the direction of the highest category of the variable. Thus, VHELC is characterized mainly by the stimulation of creativity and encouraging taking risks and face ambiguity and uncertainty. VLEC and LELC are the opposite of VHELC y HELC except for encouraging taking risks and face ambiguity and uncertainty. ALEC is definitely perceived like a behaviour not encouraging taking risks and face ambiguity and uncertainty. Figure 8 offer a more detailed view of the relationships taking into account the categories of the variables and behaviours.

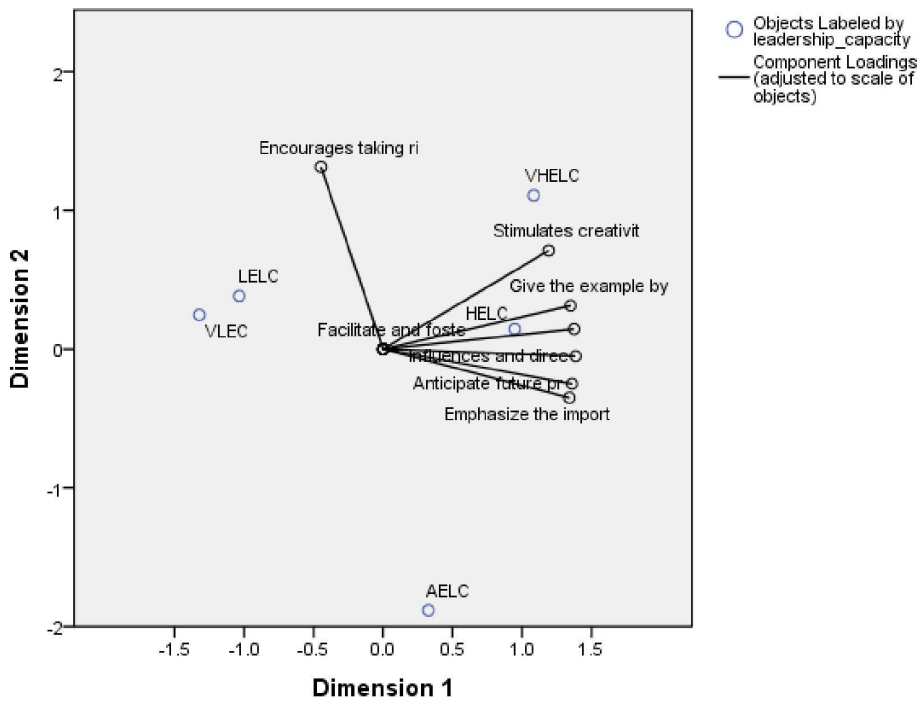


Fig. 7. Biplot behaviours and the variables.

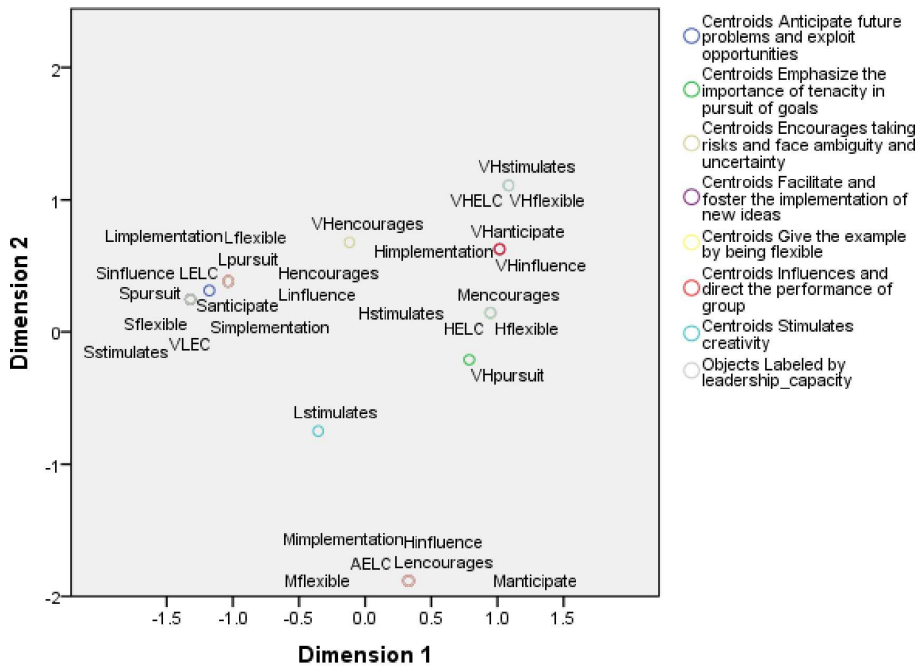


Fig. 8. Biplot behaviours and the variables' categories.

Table 9 synthesizes the results.

Table 9  
General results.

	Mean of the seven Studied Variables	
	Owner – managers	Employees
VHEL	2.286	1.571
HEL	2.857	2.143
AEL	2.857	3.143
LEL	3.571	4.286
VLE	3.857	4.857
Variance	0.394	1.924

The values expressed in Table 9 reflect the average of the variables studied for each of the entrepreneurial leadership levels. A look at these results allows us to appreciate the perceptual differences between owner – managers and employees. A vertical analysis, which concludes with the value of the variance, shows the little difference that owner-managers appreciate between different levels of entrepreneurial leadership. On the other hand, employees show a more evident difference between the different levels of entrepreneurial leadership, the variance of their data is greater than that of the owner-managers. The horizontal analysis of the data shows that employees perceive that the VHEL and HEL levels requires high levels of each of the variables studied. For its part, the perception of the owner-managers is much more lax.

## Discussion

Entrepreneurship leadership of owner - managers is crucial competence to manage SMEs [30]. This article makes an empirical proposition for exploring the entrepreneurial leadership at SME. The study sought to investigate the meanings owner – manager of SME and its employees ascribe to entrepreneurial leadership. In light of the research scarcity that characterizes this topic at the Ecuadorian context, and building on Dean and Ford [24], Balasubramanian [18], Lee et al. [13] and Yancey and Watanabe [39] the article makes some contributions. First, it builds on previous research that highlights the significance of understanding the perceptions of both actors will help shed light and offer insights that will enable researchers to create a better comprehension of what entrepreneurial leadership is. Second, consider useful to reveal if the perception and meanings of the entrepreneurs go beyond the entrepreneurial academics discourse.

The two main questions of this study were answered. The findings of this study demonstrated that

owner – managers seen themselves as entrepreneurial leaders while their employees have a divergent opinion. The CATPCA results, made for a better understanding of what, both owner – managers and employees, understand by entrepreneurial leadership, do not seem to be so divergent. Similarly, owner-managers and employees tend to perceive entrepreneurial leadership at three levels, but there is a particular difference in the perception of medium and low level:

- Owner – manager: high (VHEL and HEL), medium (AEL and LEL) and low (VLE).
- Employees: high (VHEL and HEL), medium (AEL) and low (LEL and VLE).

Our results provided no evidence to support the contention that there is a significant difference between what literature say about entrepreneurial leadership and what entrepreneurs and employees understand for it. However, there are nuances that merit consideration, in order to achieve a better understanding between owner manager and employees to develop a better job together and contribute to the improvement of their businesses.

What we discovered from this research is that the key factor to differentiate between owner – managers and employees in entrepreneurial leadership is the perception in relation with, face up to or not risks, ambiguity and uncertainty. For owner – managers, risk-taking is not seen as a behaviour that must be taken in a high degree when it is associated with a VHEL, but rather low. Employees, on the other hand, consider that VHEL should take risks in a moderate way. This result is unexpected because research generally considers face risks, ambiguity and uncertainty, highly important for being accepted and desirable among owner – managers in SME context. This may be due to the cultural context investigated and the lack of training in administration and entrepreneurship of many of the owner – managers and employees studied [5, 6, 19]. Paradoxically, a business context that faces intense competition and where people often think that facing risks, uncertainty and ambiguity is a common behaviour.

The empirical evidence support that the owner – manager considers that a VHEL can perform with high and average levels of the behaviours analysed. On the other hand, employees think that a VHEL must perform with very high and high levels of said behaviours. The aforementioned shows an interesting result: employees perceive the levels of entrepreneurial leadership and the levels of associated behaviours in a way that is closer to how it was identified in the reviewed literature. The fact that employees are more science-oriented than owner - managers may

be due to the proportion of entrepreneurs with higher education in Ecuador does not reach 15%, but many of their employees do are university graduates [51].

This supporting the above mentioned result about the difference of perception between owner - manager and employees concerning whether the former is an entrepreneurial leader or not. Following Robbins and Judge [38], owner – managers' behaviour is based on their perception of what entrepreneurial leadership is, but this is not the same way in which employees perceive is right. To employees when SME owner - managers enact their roles and tasks at a very high and high level, employees are encouraged and empowered to challenge themselves and improve the businesses they are work in. This is what they understand by entrepreneurial leadership. Given the differences in self – perception and the way employee perceiving entrepreneurial leadership, many opportunities for conflict emerge between owners with their subordinates. The above mentioned could be influencing the high fluctuation within the company types (micro, small and mediated) and a high mortality rate at the Ecuadorian context.

The findings of this study demonstrated the significant importance of taking into account the perception to understand how the perceptions of both owner – managers and employees are related to what researchers have defined as entrepreneurial leadership, how they relate to the perceptions they have of each other and, finally, how all this could affect the performance of SMEs. Overall, our results suggest that new studies at the Ecuadorian context will benefit from taking into account the way in which owner – manager of SMEs their employees perceive entrepreneurial leadership. What they are really meant when they talk about entrepreneurial leadership.

This research has limitations. CATPCA requires a single set of data and it was necessary to reduce the data obtained through mode to obtain the data in the way they were required. This implies not using all the available information. In addition, chance makes a single observation the difference in determining the most frequent value of the data set.

## Conclusions

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This study contributes novel insights into the comprehension of what entrepreneurial leadership is from the perspective of those who make a day by day at SMEs in comparison with the academic discourse. Few studies explored entrepreneurial leadership in Ecuadorian SMEs. This paper engages entre-

preneurial leadership with a behavioural view from the perception of owner and employees.

The findings of this research offers meaningful insights to practicing or aspiring entrepreneurs. The article shows empirically how different persons could perceive entrepreneurial leadership in different ways. Specifically, the level in which the behaviours that characterize it are appreciated. This could have a significant effect on the success of an SME. These finding are in line with existing studies attributing great importance to perception in the research of entrepreneurial leadership.

We encourage future studies on this subject both in Ecuador and in other Latin American countries to identify similarities and differences in perceptions in relation to entrepreneurial leadership. Similarly, compare perceptions in contexts other than Latin American. It would be interesting in future researches to combine studies of entrepreneurial leadership perception with uncertainty management and analyse the relationships between these variables and their impact on the performance of SMEs.

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