Four Modes of Entrepreneurial Leadership: Aligning Innovation Strategy with Organizational Context

Oleksiy Osiyevskyy
University of Calgary, Canada

Amir Bahman Radnejad
Mount Royal University, Canada

Mark Ward
University of Lethbridge, Canada

Abstract

Entrepreneurial leadership is a dynamic organizational process that combines grassroots innovation with strategic direction to enable adaptability, innovation, and sustained growth. This article introduces the Four Modes of Entrepreneurial Leadership framework, which helps leaders tailor their approach to the distinct contexts defined by organizational flexibility and resource availability. We define and explore four archetypes: Agile Innovators (flexible but resource-constrained startups and small enterprises), Systematic Builders (resource-rich but structurally rigid corporations), Constraint Breakers (rigid and under-resourced public institutions), and Empowered Pioneers (agile, well-resourced firms with significant growth potential). We highlight how entrepreneurial leaders can apply context-specific tools, ranging from lean startup methods and stakeholder co-creation to strategic abandonment and real options thinking, to align innovation efforts with organizational realities. By matching leadership strategies to structural and resource conditions, this framework offers a practical roadmap for fostering innovation and impact across diverse organizational landscapes.

Introduction

Entrepreneurial leadership is a cornerstone of organizational success in an era characterized by rapid technological advancement, market disruption, and shifting stakeholder expectations.[1] Unlike traditional leadership paradigms focusing on a leader's persona or behaviors, entrepreneurial leadership emphasizes empowering grassroots innovation at all levels of the organization[2] while steering these efforts with a coherent organizational vision and strategic goals[3] that focus on exploiting entrepreneurial opportunities.[4,5] This dual focus enables organizations to adapt to changing environmental conditions, innovate, and thrive amidst uncertainty.

The importance of entrepreneurial leadership cannot be overstated. Organizations today face increasing pressure to respond to disruptive challenges, ranging from technological upheavals to global crises. Leaders who cultivate an entrepreneurial mindset across their teams and foster a culture of strategic boldness and experimentation unlock the organizational potential to identify opportunities, drive innovation, and create lasting value.[6]

However, a significant challenge remains: entrepreneurial leadership is not a one-size-fits-all solution. Organizations vary in their size, structure, resources, and operational contexts, each requiring a tailored approach to entrepreneurial leadership. Startups and small enterprises often thrive on agility and rapid iteration, whereas established corporations may leverage their extensive resources and institutional knowledge. Similarly, stable organizations like universities or municipalities must navigate entrenched structures to drive innovation, while post-IPO ventures balance risk-taking with stakeholder expectations.

This article addresses the challenge of aligning entrepreneurial leadership practices with diverse organizational contexts. Drawing on evidence-based advice from research and practical insights, we present a framework of four distinct modes of entrepreneurial leadership. Each mode identifies the unique tools and strategies that enable organizations to cultivate entrepreneurial thinking and align it with their specific needs. By tailoring these approaches, leaders can effectively navigate the complexities of their environment, ensuring sustained growth and innovation.

What is Entrepreneurial Leadership?

In practice, it is useful to present entrepreneurial leadership as an organizational process (as opposed to a leadership style or leader's characteristics), uniting two major components: (a) encouraging grassroots entrepreneurial thinking and (b) providing strategic direction to these efforts.

(a) Grassroots Entrepreneurial Thinking: Traditionally, many organizations have operated under a top-down approach, where strategic directives flow downward from executive leaders to various levels of the organization. However, in today's dynamic environment, relying solely on top-tier direction can stifle innovation and agility.[7] This is where the entrepreneurial spirit comes into play.

Entrepreneurial leadership emphasizes the importance of grassroots innovative and entrepreneurial thinking. It is the belief that groundbreaking ideas do not necessarily originate from the top but can sprout from any corner of the organization.[8] By encouraging employees across all levels to think entrepreneurially and offer novel solutions, organizations foster a culture of innovation, creativity, and agility.[9] After all, it is often those closest to particular challenges or customer pain points who can devise the most effective solutions.[10]

(b) Strategically Directing Grassroots Entrepreneurship: An excess of entrepreneurial freedom without direction leads to chaos. Imagine an organization where everyone is chasing their entrepreneurial dreams with no strategic alignment. The result? A proverbial zoo of pet projects, with each initiative operating in its silo, without the alignment that is crucial for the strategic development of the organization.[11,12] Without a clearly set direction (on the front end) and selection of the ideas that are aligned with it (on the back end), the entrepreneurial culture results in uncoordinated efforts that waste scarce resources and do not help in achieving growth and longevity. This is where the role of entrepreneurial leaders becomes paramount. They are not merely enablers but visionaries. They inspire and motivate their teams, giving direction to grassroots entrepreneurship. By identifying, selecting, and supporting ideas that align with the organization's broader strategy, these leaders ensure that innovation propels the company forward in a cohesive manner.

Box 1. Entrepreneurial Leadership at Bell Labs: Power of Freedom with Direction[13]

From the 1920s through the 1980s, Bell Labs served as a legendary model of grassroots entrepreneurial thinking within a large organization. As the R&D arm of AT&T and Western Electric, Bell Labs fostered a culture where scientists and engineers had substantial autonomy to explore their own ideas, often without strict deliverables or top-down directives. Researchers were encouraged to pursue curiosity-driven projects, and managers deliberately avoided micromanagement, believing that proximity to real-world challenges would yield the most relevant innovations. Collaboration across disciplines was the norm, and physical design (e.g., long corridors and mixed offices) supported serendipitous encounters. This decentralized, trust-based environment led to some of the 20th century's most

transformative inventions,[14] including the transistor, laser, charge-coupled device, Unix operating system, and the foundations of information theory by Claude Shannon. Crucially, Bell Labs' success demonstrates that when entrepreneurial thinking is distributed across all levels, not just concentrated at the top, it can generate systemic innovation. The institution's achievements were not the result of heroic individual leadership at the top, but of a culture that empowered smart people to work on hard problems with freedom and purpose.

However, Bell Labs' greatness did not stem from freedom alone. While creativity flourished at the grassroots, strategic direction was ever-present, subtly guiding innovation toward long-term organizational goals. Because Bell Labs served AT&T's regulated monopoly, it operated with a clear overarching mission to improve the reliability, efficiency, and scope of the telephone network. This provided a front-end compass for researchers, anchoring their exploration in a shared vision of national-scale communications challenges. At the back end, leaders such as Mervin Kelly and William Baker played crucial roles as integrators, identifying and investing in ideas that aligned with the company's broader technical and service strategies.

For instance, while the invention of the transistor emerged from deep curiosity in solid-state physics, it was driven by a very practical aim: replacing unreliable vacuum tubes in telephone switches. The solution not only transformed telecommunications but laid the foundation for the digital age. Bell Labs leaders were deliberate in channelling grassroots creativity toward scalable impact, fostering an environment where bold ideas could flourish, but not flounder in silos.

In short, Bell Labs embodied entrepreneurial leadership as freedom with direction. Its legacy illustrates how organizations can inspire broad-based innovation without descending into chaos by coupling trust in grassroots thinkers with clear strategic vision and purposeful selection. The lesson is enduring: innovation thrives not only when people are free to explore, but when they are also guided toward shared goals.

So, who are the entrepreneurial leaders? These are the agents of the entrepreneurial leadership process who provide the necessary resources and create an environment where entrepreneurial ideas can be tested, refined, and scaled. They champion the entrepreneurial spirit within their organizations, ensuring that innovation is not just an isolated event but an ongoing process. At the same time, they create alignment between grassroots ideas and strategic imperatives, ensuring that with each entrepreneurial project, their organizations are moving the organization in the right direction.

Context Matters: The Four Modes of Entrepreneurial Leadership
Entrepreneurial leadership can thrive within a diverse range of organizational contexts, each presenting unique opportunities and constraints. For shaping the effectiveness of entrepreneurial leadership approaches, among all possible dimensions that define the variability of

organizational contexts, the most important role belongs to the pair of (a) organizational context (rigid vs. flexible structures and processes)[15,16,17] and (b) resource availability (scarce vs. abundant).[18,19,20]

Understanding the interplay between organizational context and resource availability is crucial for tailoring entrepreneurial leadership approaches effectively. Organizational context, encompassing structures and processes that range from rigid to flexible, significantly influences how leadership can foster innovation. Rigid structures may impede swift decision-making and adaptability, necessitating leadership strategies that encourage flexibility and responsiveness. Conversely, flexible structures can facilitate rapid innovation but may require leadership to ensure alignment and coherence in entrepreneurial efforts. The availability of resources, from scarce to abundant, also plays a pivotal role. Scarce resources demand a frugal and creative approach to innovation, often leading to grassroots entrepreneurial activities that maximize limited means. Abundant resources, while providing more opportunities for large-scale innovation, require strategic direction to prevent resource misallocation and to maintain focus on core objectives.

Leaders who understand and adapt to these two contextual dimensions can align their innovation strategies more effectively (see Figure 1), enabling their organizations to capitalize on their strengths and navigate their challenges.

Figure 1. The Four Modes of Entrepreneurial Leadership
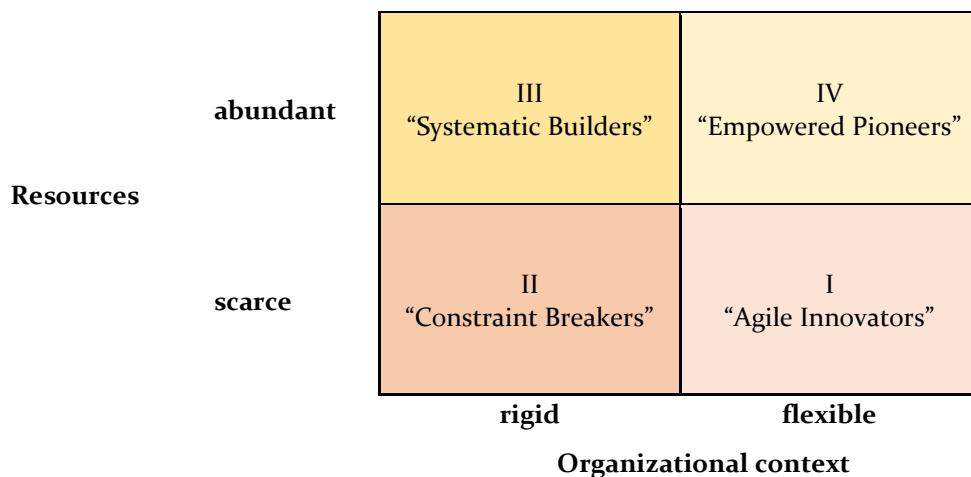
Elaboration of this framework in the following sections offers a structured approach to aligning leadership practices with organizational environments. Each mode corresponds to a specific type of organization and outlines

strategies and tools that foster innovation while addressing the constraints and leveraging the advantages of that context.

Mode I: "Agile Innovators"

Context and Peculiarities: Agile Innovators, usually new ventures and small enterprises, operate in environments characterized by high flexibility and limited resources. Their smaller size and simplified organizational structures enable rapid decision-making, allowing them to respond quickly to market opportunities or threats. This flexibility is critical in industries or markets where speed and innovation are essential for survival. However, these organizations often grapple with resource constraints, including limited financial capital, workforce capacity, and infrastructure. Entrepreneurs leading these enterprises must therefore rely on creativity and resourcefulness to maximize the impact of their efforts.

Examples of organizations operating within this context include technology startups, early-stage product-based companies, and small professional service firms. Consider a tech startup developing an app: it often begins with a small, nimble team that must test ideas quickly, iterate on feedback, and bring a viable product to market before competitors gain traction. Another example is a boutique design agency that continually pivots its offerings to meet evolving client demands, relying on its flexibility and innovative thinking.

For Agile Innovators, the most critical strategic stakeholders are their early customers. These are not just buyers, but essential partners in refining the product, validating the business model, and building the credibility necessary for growth. Entrepreneurial leaders in this quadrant must engage customers early and deeply, treating their feedback not merely as market research but as a central input into strategic development. However, these ventures often face the classic challenge of Crossing the Chasm:[21] the difficulty of moving from a small group of early adopters, who are willing to try emerging products, to the much larger mainstream market that demands proven value, reliability, and risk mitigation. This transition requires more than product iteration; it calls for strategic leadership that can reposition offerings, reframe messaging, and scale delivery models to appeal to pragmatic buyers. Agile Innovators must, therefore, carefully orchestrate the customer journey from experimentation to adoption at scale, often making hard choices about which features to prioritize, which market segments to serve, and how to allocate limited resources. Entrepreneurial leadership here is about managing the delicate balance between continued agility and growing legitimacy, ensuring that innovation does not just excite early fans but translates into sustained, scalable impact.

Advantages and Disadvantages. The primary advantage of Agile Innovators lies in their agility underpinned by nimble structures and systems and quick decision making. They can pivot strategies, change product offerings, and experiment with minimal bureaucratic hurdles. This allows them to be highly responsive to customer needs and market trends. However, their resource constraints can hinder scalability, limit market penetration, and increase vulnerability to financial or operational risks. Additionally, without effective leadership, their innovative potential can become unfocused, resulting in wasted efforts on projects that do not align with market needs or strategic goals.

Effective Entrepreneurial Leadership Tools for Mode I include:

Lean Startup Methodology.[22] The lean startup methodology is particularly well-suited to new ventures. This approach emphasizes creating a "minimum viable product" (MVP) and iterating based on customer feedback. By testing hypotheses quickly and with minimal investment, startups can identify what works and pivot away from what doesn't. This minimizes waste and accelerates learning cycles, enabling leaders to make data-driven decisions that enhance product-market fit and maximize resource efficiency.

Real Options Strategy.[23] Real options strategy is a decision-making tool that helps leaders evaluate investments in innovation under uncertainty. By treating entrepreneurial decisions as options rather than commitments, leaders can manage risk while maintaining the flexibility to capitalize on emerging opportunities. For example, a startup may choose to prototype multiple features for its app, treating each feature as an "option" that can be scaled or abandoned based on early feedback.

Sprints.[24] Brainstorming Ideas and Quick Validation Sprints are short, focused periods of activity aimed at generating ideas, building prototypes, and validating solutions. This approach allows teams to quickly test concepts with real customers and gather actionable feedback. For instance, a small team developing a new software tool could run a one-week sprint to build and test a key feature, enabling them to decide whether to invest further in its development.

Effectuation.[25] This is a problem-solving framework emphasizing the use of existing resources to create new opportunities. Instead of focusing on goals and acquiring resources to achieve them, leaders ask: "What can I do with what I have?" For example, a small food startup may leverage existing partnerships with local farmers to develop unique, farm-to-table meal kits, creating a competitive advantage without significant upfront investment.

Mode II: "Constraint Breakers"

Context and Peculiarities: Constraint Breakers, or stable yet budget-constrained institutions, operate in environments defined by their predictability and resource scarcity. These organizations often have entrenched structures and processes that prioritize stability over risk-taking, leading to slow adaptability in times of change. While their predictable nature provides operational consistency, it can also hinder innovation. Entrepreneurial leadership in such settings must overcome organizational inertia and resource limitations to foster creativity and progress.

Examples of organizations in this context include public universities, municipal governments, and long-established non-profits. For instance, a university facing declining enrollment may need to overhaul its course offerings and embrace online education, despite existing faculty preferences for traditional teaching methods. Similarly, a city government might need to adopt new technologies for waste management but face resistance from departments accustomed to legacy systems.

For Constraint Breakers, the most strategically important stakeholders are those who own the problems that innovation aims to solve. In these environments, where change is difficult and resources are limited, entrepreneurial leaders cannot push innovation from the top down or impose solutions in isolation. Instead, they must identify and collaborate with the individuals, departments, or community actors who are closest to the challenge – those with operational responsibility, political capital, or frontline insight. These stakeholders often act as both gatekeepers and enablers. For example, in a municipal government seeking to digitize service delivery, a successful initiative may hinge not on the mayor's office but on a mid-level department head who controls permitting workflows or public records systems. In a university, reforming academic programs requires engaging faculty leaders who "own" curricular design and accreditation processes. Entrepreneurial leadership in Constraint Breakers is therefore deeply relational; it involves mapping the power dynamics around each problem, forming trust-based partnerships, and positioning innovation as a tool to help those stakeholders achieve their goals. By aligning entrepreneurial efforts with the priorities and pain points of problem owners, leaders can generate internal momentum, unlock resources, and foster legitimacy for change, even in the most rigid or underfunded systems.

Advantages and Disadvantages. The primary advantage of these organizations lies in their operational stability and predictability. This allows for long-term planning and consistent service delivery. However, their bureaucratic nature often results in resistance to change and limited flexibility. Budget constraints exacerbate the challenge, leaving little room

for experimentation or innovation. Entrepreneurial leadership in this context requires finding creative ways to "unfreeze" entrenched practices and repurpose resources to enable transformation.

Effective Entrepreneurial Leadership Tools for Mode III include:

Creating a Sense of Crisis. Entrepreneurial leaders in stable institutions often use the perception of a crisis to disrupt organizational inertia and catalyze change. By framing challenges as existential threats, leaders can motivate stakeholders to abandon the status quo and embrace innovation.[26] For example, during the COVID-19 pandemic, many universities rapidly adopted online learning platforms when faced with the immediate threat of losing students entirely.

Strategic Abandonment.[27] To free up resources for new initiatives, entrepreneurial leaders practice strategic abandonment – deliberately discontinuing outdated or non-critical programs, processes, or services. This approach reallocates limited resources to areas with higher strategic importance. For instance, a municipal government might close underutilized facilities to fund a new smart-city infrastructure project.

Concentrating on Removing Bottlenecks. In Constraint Breaker organizations, where resources are limited and processes are often entrenched, entrepreneurial leaders can stimulate growth most effectively by applying a bottleneck approach, a strategic method of identifying and relieving the specific constraints that are halting progress.[28] The key to this approach is focusing attention and resources on the single, most pressing limitation in the organization's value creation process – whether it is a slow approval cycle, a rigid procurement system, or an overloaded service unit. Attempting to optimize non-constraining parts of the system only adds slack, not progress. Leaders must first detect where value creation is bottling up (typically visible as build-up before a process or slack afterward), then either reallocate underutilized resources from elsewhere or redesign processes to alleviate the constraint without requiring major new investment. This approach is especially powerful for resource-constrained institutions because it channels limited capacity where it matters most, enabling steady, staircase-like growth through sequential constraint removal. Crucially, entrepreneurial leadership in these environments is not about transforming everything at once, but about developing the organizational discipline to identify, prioritize, and solve one growth-limiting problem at a time, and then repeat.

Leveraging Partnerships.[29,30] Given their internal constraints, Constraint Breakers must look beyond organizational boundaries to achieve their innovation goals. Entrepreneurial leaders in this mode often excel at

forging strategic partnerships (with private firms, nonprofits, academic institutions, or even other public entities) that allow them to share risk, access complementary resources, and accelerate learning. These partnerships often take the form of pilot programs, joint ventures, or public–private collaborations. For example, a city government lacking internal tech capacity may partner with a local startup accelerator to prototype civic technology solutions. What distinguishes successful leaders is their ability to frame these partnerships as mission-aligned and politically viable, ensuring stakeholder support despite the potential discomfort of working outside traditional systems. In effect, partnerships serve as an extension of the organization's capacity (a form of borrowed agility) that allows Constraint Breakers to experiment without overstretching.

Pursuing Incremental Innovation. While breakthrough innovation may be unrealistic in highly structured and under-resourced organizations, incremental innovation is both achievable and impactful. Entrepreneurial leaders in Constraint Breaker environments understand that small, consistent improvements can build momentum, improve morale, and pave the way for broader change. This might involve revising how services are delivered, modernizing communication channels, or slightly reconfiguring workflows to enhance responsiveness. For instance, a university might introduce modular micro-credentials within existing degree programs to appeal to non-traditional learners, rather than overhauling its entire curriculum. Incremental changes are easier to pilot, require fewer approvals, and are often less threatening to the status quo, making them ideal entry points for entrepreneurial activity. Over time, these innovations accumulate and create the conditions for more systemic transformation, especially when accompanied by data demonstrating their impact.

Mode III: "Systematic Builders"
Context and Peculiarities: Systematic Builders, usually large, established companies, operate in environments characterized by stability, reliability, and access to extensive resources. These organizations benefit from well-defined processes, broad networks of expertise, and robust operational infrastructure. However, their size and rigidity can also make them slower to adapt to rapid changes and less inclined toward experimentation. Such organizations rarely introduce radical innovations on the market, and their standard approach when facing a disruption is "buying their way to innovation". Entrepreneurial leadership in such firms requires navigating bureaucratic inertia while leveraging their structural advantages to foster innovation.

Prominent examples of organizations in this context include multinational corporations such as General Electric, Procter & Gamble, or IBM. These companies have decades of experience, established brand recognition, and access to global knowledge networks. For instance, IBM's innovation strategies often involve acquiring smaller technology startups to enhance its product offerings and remain competitive in emerging fields like artificial intelligence.

For Systematic Builders, entrepreneurial leadership requires engaging a broad and diverse set of internal and external stakeholders to overcome inertia and surface breakthrough ideas. In highly structured organizations, innovation can stall when decision-making is confined to senior executives or siloed business units. Leaders who aim to drive entrepreneurial thinking must intentionally broaden the stakeholder base, including frontline employees, R&D teams, customers, suppliers, academic partners, and even adjacent-industry collaborators. This diversity of perspectives enhances ideation, relevance, and early buy-in, ensuring that innovations are grounded in real-world needs and have internal traction. Crowdsourcing platforms, innovation challenges, and cross-functional task forces are common tools for this kind of engagement. Moreover, broadening stakeholder input also acts as a strategic radar, helping firms sense shifts in technology, customer behavior, or regulation before competitors do. Entrepreneurial leaders in Systematic Builders therefore excel not by centralizing decisions, but by building inclusive innovation ecosystems within and around the organization — turning their scale into an advantage for idea generation, selection, and scalable execution.

Advantages and Disadvantages. The primary advantage of large companies lies in their stability and resource abundance. These firms can allocate significant funding to research and development, hire top talent, and establish partnerships across industries. Additionally, their established processes ensure operational efficiency and scalability. On the downside, their size and rigid hierarchies can slow decision-making, discourage risk-taking, and create resistance to change. Entrepreneurial leadership must address these challenges by introducing systems and practices that encourage innovation while maintaining alignment with the company's strategic goals.

Effective Entrepreneurial Leadership Tools for Mode II include:
Acquiring Innovations from the Outside. Large companies often overcome internal inertia by acquiring external innovations. This involves purchasing startups or technologies that align with the company's strategy, allowing them to quickly integrate cutting-edge solutions without building

them from scratch. For example, Google's acquisition of YouTube exemplifies how a large firm can enhance its capabilities by bringing in external innovations.

Use of External Experts. Leveraging external expertise—such as consultants, designers, or crowdsourcing—provides access to diverse perspectives and specialized knowledge. This approach allows large firms to identify and develop innovative ideas that might not emerge internally. For instance, LEGO's crowdsourcing platform enables fans to contribute ideas for new products, fostering customer engagement and innovation.

Institutionalized Systems for Generating, Developing, and Executing Ideas.[31] To foster sustained innovation, many large organizations successfully implement structured systems for managing the idea lifecycle. These include innovation hubs, internal incubators, and stage-gate processes for evaluating and advancing new concepts. Procter & Gamble's "Connect + Develop" program, for example, institutionalizes open innovation by sourcing ideas from both internal and external collaborators, ensuring a steady pipeline of innovative products.

Box 2. Nintendo's Comeback: A Case of Disruption and Strategic Reinvention

In the late 1980s and early 1990s, Nintendo led the video game industry, commanding a dominant share of the console market. However, its stronghold began to erode as new technologies emerged and competitors like Sony's PlayStation and Microsoft's Xbox gained momentum. By the mid-2000s, Sony and Microsoft had captured approximately 86.6% of console sales, relegating Nintendo to a niche position and raising questions about its long-term relevance.[32]

In response, Nintendo's CEO, Satoru Iwata, initiated a strategic pivot focusing on creating new demand in untapped markets. This shift was rooted in Nintendo's core philosophy of delivering "fun for everyone," which led Iwata to direct the company's efforts toward intuitive controls and user accessibility rather than pursuing superior hardware specifications and competing with SONY and Microsoft. This approach was embodied in the launch of the Nintendo Wii, which introduced motion-based gameplay that appealed to a broader demographic, including families, casual players, and older adults.[33]

The Wii's disruptive approach fundamentally changed how consumers interacted with video games. By 2009, this strategy had yielded remarkable results: Nintendo had regained market leadership, securing 48% of global console sales. This turnaround highlighted the power of entrepreneurial leadership in navigating organizational crises.

Crucially, Iwata complemented strategic innovation with bold decisions. Rather than resorting to layoffs during financial downturns, he voluntarily took a 50% pay cut and encouraged other executives to reduce their salaries as well. This commitment to employee retention preserved institutional knowledge and boosted morale, enabling the company to maintain its creative edge.[34] In parallel, Iwata

championed cross-disciplinary collaboration, bringing developers, designers, and marketers together to co-create products that were not only innovative but deeply aligned with evolving customer expectations.

Mode IV: "Empowered Pioneers"

Context and Peculiarities. Companies in this situation represent a unique organizational context, where they enjoy both the flexibility of relatively agile structures and the advantage of abundant resources. Having secured significant funding and established credibility in the market, these companies are poised for rapid growth. Entrepreneurial leadership in this phase must focus on channeling the organization's agility and resources toward clear, strategic goals to maximize growth potential.

Examples of companies in this context include tech giants like Zoom and Shopify in their early post-IPO stages, or established large organizations that are going through the phase of resource abundance. These firms faced enormous growth opportunities, backed by ample capital and market attention. For instance, Zoom, after its IPO, rapidly expanded its services and infrastructure to accommodate the global surge in remote work during the pandemic, aligning its entrepreneurial initiatives with a strategic vision for growth.

For Empowered Pioneers, the most critical strategic challenge is not accessing resources or mobilizing action, but choosing the right direction amid an abundance of opportunities. In this context, entrepreneurial leaders must prioritize deep and continuous engagement with a broad range of stakeholders to ensure that strategic initiatives are grounded in relevance, legitimacy, and long-term value creation. Unlike early-stage startups that focus narrowly on early adopters, Empowered Pioneers must synthesize input from customers, investors, regulators, partners, advocacy groups, and internal teams to shape coherent and inclusive growth strategies. These stakeholders offer diverse and sometimes competing perspectives on where the organization should go next, especially as it begins to scale across sectors, regions, and customer segments. Entrepreneurial leaders must therefore act as sensemakers and synthesizers, translating this diverse input into clear priorities while preserving the organization's responsiveness. Strategic co-creation, stakeholder mapping, and ecosystem engagement platforms (e.g., developer communities or partner networks) become critical tools for aligning innovation with emerging needs. Ultimately, the voice of the ecosystem becomes a compass for empowered organizations navigating the complexity of rapid growth, and entrepreneurial leadership lies in interpreting that compass wisely.

Advantages and Disadvantages. The primary advantage of organizations in this phase is the convergence of flexibility and abundant resources. These organizations can invest heavily in innovation and market expansion while maintaining the nimbleness to adapt to market dynamics. However, this abundance can also be a double-edged sword. Without a clear strategic direction, organizations risk diluting their efforts across too many initiatives, leading to inefficiency and missed opportunities. Entrepreneurial leadership is critical to ensuring that resources are used effectively and aligned with the company's long-term vision.

Primary Entrepreneurial Leadership Approach for Mode IV. Among Empowered Pioneers, entrepreneurial leadership hinges on being strategic and directional about entrepreneurial efforts. Leaders must ensure that the organization's entrepreneurial initiatives are guided by a coherent and compelling vision. This involves setting clear priorities, aligning teams around shared objectives, and rigorously evaluating initiatives to focus on those that drive the most value. For example, a company like Shopify leveraged its post-IPO flexibility and resources to strategically expand its ecosystem with tools for small business success, such as payment processing and logistics, ensuring its growth initiatives reinforced its core mission.

By aligning flexibility with abundant resources, entrepreneurial leaders in this mode can transform their organizations into powerful engines of growth, capturing opportunities while maintaining focus and discipline. Empowered Pioneers have the potential to redefine industries, provided their leaders steer the entrepreneurial ship with precision and foresight.

Box 3. Meta: Setting the Strategic Direction for an Empowered Pioneer

In 2021, Facebook rebranded itself as Meta, marking a bold pivot from a dominant social media company to a self-declared "metaverse-first" technology platform. This strategic shift illustrates the core challenge faced by Empowered Pioneers: in a context of abundant resources, high market credibility, and structural agility, the critical leadership task is not operational capacity, but clarity of direction.

At the time of the rebrand, Facebook was among the most profitable and globally scaled digital platforms. Yet, founder and CEO Mark Zuckerberg argued that the future of social connection, work, and commerce would be shaped in immersive virtual environments – the metaverse. The move signaled an entrepreneurial act of sensemaking, where leadership translated insights from emerging technologies, developer communities, and platform users into a unified, long-term strategic vision. Internally, this meant reorganizing teams, refocusing R&D, and investing tens of billions into hardware, software, and virtual reality infrastructure. Externally, it involved repositioning the brand, communicating the

new mission, and reshaping stakeholder expectations, from investors to developers to regulators.

The Meta case underscores that entrepreneurial leadership at scale requires more than responding to the market; it means actively shaping the future by setting a compelling destination for innovation. With vast optionality and the resources to pursue multiple directions, the risk was not stagnation but fragmentation. While Meta's vision of the metaverse has yet to gain mass traction, particularly in terms of widespread daily user adoption, the strategic shift has nonetheless positioned the company as a frontrunner in the VR/AR space. Through its investment in MetaQuest headsets and immersive software platforms, Meta has established one of the most advanced consumer-facing hardware ecosystems in the industry. MetaQuest devices now account for a significant share of the global VR market, setting usability and pricing benchmarks that competitors are racing to match. In effect, the pivot to the metaverse catalyzed Meta's evolution from a social media company into a platform builder for spatial computing, with long-term implications across gaming, productivity, education, and beyond. This highlights a critical insight for Empowered Pioneers: even when the end vision is ahead of its time, strategic direction can still generate valuable capabilities and early-mover advantages that shape future market leadership.

Conclusion

Entrepreneurial leadership is an essential driver of innovation and adaptability in today's complex and fast-evolving business environment. By uniting grassroots entrepreneurial thinking with strategic direction, it enables organizations to navigate uncertainty, harness opportunities, and deliver sustained value. However, as this article demonstrates, entrepreneurial leadership is not a one-size-fits-all solution. The diversity of organizational contexts (ranging from resource-constrained startups to stable bureaucracies, and from large corporations to resource-rich ventures post-IPO) requires tailored approaches to leadership and innovation.

The framework of the Four Modes of Entrepreneurial Leadership provides a practical guide for aligning leadership strategies with organizational contexts. For startups and small enterprises, tools like lean startup methodologies and effectuation enable agility and rapid iteration. In large corporations, leveraging external innovations and institutionalized systems ensures that stability does not stifle creativity. Stable institutions, such as universities and municipalities, benefit from tools like creating a sense of crisis and strategic abandonment to overcome inertia and enable change. Finally, the Empowered Pioneers, thrive by strategically channeling their resources and flexibility toward clear and directional goals.

By recognizing and addressing the unique challenges and opportunities of each context, entrepreneurial leaders can cultivate environments where innovation flourishes and organizations achieve long-term success. This

adaptive, evidence-based approach to leadership equips organizations not only to survive but also to lead in an era of disruption and transformation. In a world where change is the only constant, tailored to the context entrepreneurial leadership is the key to staying ahead.

Authors

Oleksiy Osiyevskyy is a Professor of Entrepreneurship & Innovation at the Haskayne School of Business, University of Calgary. In scholarship, he concentrates on the problem of achieving and sustaining firm growth and prosperous longevity through successful engagement in entrepreneurial strategies. Oleksiy's research program is supported by Haskayne's Future Fund Fellowship and numerous competitive grants. Since joining the University of Calgary in 2017 (from Northeastern University, Boston), he has developed and launched a signature "Entrepreneurial Thinking" course required for all Haskayne MBA students, for which he has served as a coordinator ever since. Oleksiy founded his first Internet startup back in 2003, during his undergraduate studies. Since that time, he has been actively engaged in real-world business practice across the globe as an entrepreneur, manager within large companies, consultant and educator. Oleksiy has mentored, co-founded, invested in, and served on the boards of numerous startups within a broad range of industries (education, food, medical devices, transportation, e-commerce, among others), and engaged in strategic innovation projects within large organizations.
email: oosiyevs@ucalgary.ca

Dr. Radnejad brings over two decades of expertise in research leadership and innovation strategies across Canada, the UK, and the US. Currently, he is Chair of the Innovation & Marketing Department at Mount Royal University, and a Partner at 1388 Consulting. As a consultant, he advises senior executives on leadership, strategy and innovation management. He was CEO of Sensyn, where he led commercializing groundbreaking leak detection technology, and has served on boards such as the Administrative Science Association of Canada and the Strategic Capability Network. He also serves as a fellow with the Canadian Global Affairs Institute. As a prolific scholar, he has published extensively and secured funding from organizations like Emissions Reduction Alberta, Carbon Management Canada and Enbridge.
email: bradnejad@mtroyal.ca

Mark Ward is an assistant professor of Policy & Strategy at the Dhillon School of Business, University of Lethbridge. Drawing his professional industry experience, his research focuses on how firms identify new sources of competitive advantage ex ante. He designed and delivered an entrepreneurial leadership course at the Haskayne School of Business, University of Calgary's MBA program. Mark has served in leadership roles in the IT and oil & gas industries where he led teams to

develop innovative IT decision-support to address industry problems with a strategic imperative.
email: mark.ward2@uleth.ca

Endnotes

1. Kuratko, D. F. (2007). Entrepreneurial leadership in the 21st century: Guest editor's perspective. *Journal of Leadership & Organizational Studies, 13*(4), 1-11.
2. Thornberry, N. E. (2006). *Lead like an entrepreneur: Keeping the entrepreneurial spirit alive within the corporation.* McGraw-Hill.
3. Darling, J. R., Keeffe, M. J., & Ross, J. K. (2007). Entrepreneurial leadership strategies and values: Keys to operational excellence. *Journal of Small Business & Entrepreneurship, 20*(1), 41-54.
4. Fernald, L. W., Solomon, G. T., & Tarabishy, A. (2005). A new paradigm: Entrepreneurial leadership. *Southern Business Review, 30*(2), 1-10.
5. Gupta, V., MacMillan, I. C., & Surie, G. (2004). Entrepreneurial leadership: Developing and measuring a cross-cultural construct. *Journal of Business Venturing, 19*(2), 241-260.
6. Doz, Y. L., & Kosonen, M. (2010). Embedding strategic agility: A leadership agenda for accelerating business model renewal. *Long Range Planning, 43*(2-3), 370-382.
7. Heifetz, R. A., Grashow, A., & Linsky, M. (2009). *The practice of adaptive leadership: Tools and tactics for changing your organization and the world.* Harvard Business Press.
8. Raelin, J. A. (2016). It's not about the leaders: It's about the practice of leadership. *Organizational Dynamics, 45*(2), 124-131.
9. Hamel, G., & Prahalad, C. K. (1996). *Competing for the future.* Harvard Business Press.
10. Burgelman, R. A. (1983). A model of the interaction of strategic behavior, corporate context, and the concept of strategy. *Academy of Management Review, 8*(1), 61-70.
11. O'Reilly, C. A., III, & Tushman, M. L. (2004, April). The ambidextrous organization. *Harvard Business Review, 82*(4), 74-83.
12. Birkinshaw, J., Hamel, G., & Mol, M. J. (2008). Management innovation. *Academy of Management Review, 33*(4), 825-845.
13. Gertner, J. (2012). *The idea factory: Bell Labs and the great age of American innovation.* Penguin.
14. Isaacson, W. (2014). *The innovators: How a group of hackers, geniuses, and geeks created the digital revolution.* Simon and Schuster.
15. Burns, T., & Stalker, G. M. (1961). *The management of innovation.* Oxford University Press.
16. Volberda, H. W. (1996). Toward the flexible form: How to remain vital in hypercompetitive environments. *Organization Science, 7*(4), 359-374.
17. Adler, P. S., Goldoftas, B., & Levine, D. I. (1999). Flexibility versus efficiency? A case study of model changeovers in the Toyota production system. *Organization Science, 10*(1), 43-68.
18. Baker, T., & Nelson, R. E. (2005). Creating something from nothing: Resource construction through entrepreneurial bricolage. *Administrative Science Quarterly, 50*(3), 329-366.
19. George, G. (2005). Slack resources and the performance of privately held firms. *Academy of Management Journal, 48*(4), 661-676.
20. Bradley, S. W., Wiklund, J., & Shepherd, D. A. (2011). Swinging a double-edged sword: The effect of slack on entrepreneurial management and growth. *Journal of Business Venturing, 26*(5), 537-554.

21. Moore, G. A. (1991). *Crossing the chasm: Marketing and selling high-tech products to mainstream customers.* HarperBusiness.
22. Blank, S. (2013). Why the lean start-up changes everything. *Harvard Business Review, 91*(5), 63-72.
23. McGrath, R. G. (1997). A real options logic for initiating technology positioning investments. *Academy of Management Review, 22*(4), 974-996.
24. Knapp, J., Zeratsky, J., & Kowitz, B. (2016). *Sprint: How to solve big problems and test new ideas in just five days.* Simon and Schuster.
25. Sarasvathy, S. D. (2008). *Effectuation: Elements of entrepreneurial expertise.* Edward Elgar Publishing.
26. Osiyevskyy, O., Sinha, K. K., Sarkar, S., & Dewald, J. (2023). Thriving on adversity: Entrepreneurial thinking in times of crisis. *Journal of Business Strategy, 44*(1), 21-29.
27. Drucker, P. (1980). *Managing in turbulent times.* Harper & Row.
28. Lahring, G., Sinha, K., & Osiyevskyy, O. (2021). Proactive growth management: A bottleneck approach in strategic practice. *Rutgers Business Review, 6*(3), 263-275.
29. Bryson, J. M., Crosby, B. C., & Stone, M. M. (2006). The design and implementation of cross-sector collaborations: Propositions from the literature. *Public Administration Review, 66*, 44-55.
30. Hartley, J., Sørensen, E., & Torfing, J. (2013). Collaborative innovation: A viable alternative to market competition and organizational entrepreneurship. *Public Administration Review, 73*(6), 821-830.
31. Osiyevskyy, O., Radnejad, A. B., & MahdaviMazdeh, H. (2020). An entrepreneurial management system for established companies. *Strategy & Leadership, 48*(2), 24-31.
32. Ofek, E. (2008). *Sony PlayStation 3: Game over?* HBS No. 508-076. Boston, MA: Harvard Business School Publishing.
33. Subramanian, A. M., Chai, K. H., & Mu, S. (2011). Capability reconfiguration of incumbent firms: Nintendo in the video game industry. *Technovation, 31*(5-6), 228-239.
34. McWhertor, M. (2011, July 28). Nintendo chief takes 50% pay cut after 3DS markdown. *Wired.*