



## Exploring the strategic leadership of small and medium size entrepreneurs in Malawi

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### **Abstract**

Without strategic leadership of entrepreneurs, many entrepreneurial small and medium sized enterprises in Malawi would not survive and grow. This study explores what entrepreneurs as strategic leaders of their enterprises do to ensure business survival and growth in a competitive environment. Purposive sampling was used to identify 12 local strategic leaders from six entrepreneurial small and medium sized enterprises. Semi-structured, in-depth interviews with local strategic leaders were audio-recorded, transcribed and analysed using open coding and constant comparison in order to induce characteristics and abilities.

Entrepreneurs as strategic leaders display four interrelated individual characteristics: opportunity-seeking wisdom, building of appropriate social capital, entrepreneurial resilience, curiosity, and practice-led learning. They also have four other organisational abilities which allow them to: strategically iterate between the humanising and commodifying of organisational employees, align priorities and resources to create value, shape and exploit competitive advantage, and promote local entrepreneurial culture. Given these results, an integrative framework of local strategic leadership of entrepreneurs in entrepreneurial small and medium sized enterprises in Malawi, and also areas for future research, are highlighted.

### **Key phrases**

*entrepreneurial small and medium enterprises, local strategic leadership, strategic leadership of entrepreneurs*

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## 1. INTRODUCTION

Integral to the survival and growth of entrepreneurial small and medium sized enterprises (ESMEs) are a variety of dynamic abilities that entrepreneurs need to display as individuals, but also as organisational leaders. Jensen and Luthans (2006:646) concur that “creating and sustaining ... business ventures demands not only vision and financial capital, but also leading others to transform that vision and financial capital into a successful reality”. In this regard, entrepreneurs as strategic leaders of small and medium sized enterprises (SMEs) face twin challenges. They have to develop their own competencies to cope with change and manage complexity.

Furthermore, they have to develop the next generation of strategic leaders (Bolden 2006:8). In essence, this is not simply a quick fix – as there is no such thing as a ‘strategic leadership pill’ that can be prescribed specifically to entrepreneurs, in order to deal with the strategic and entrepreneurial pitfalls in their enterprises.

Koryak, Mole, Lockett, Hayton, Ucbasaran & Hodgkinson (2015:89-90) are cognizant that limited attention by researchers of leadership has been directed to the linkage between leadership and outcomes – especially within smaller firms. On the other hand, it is a *faux pas* that scholars of entrepreneurship have also given scant attention to how strategic leadership behaviour impacts the performance of smaller entrepreneurial firms (Jensen & Luthans 2006:646; Koryak *et al.* 2015:89-92).

Interestingly, entrepreneurship scholars have just started to focus on entrepreneurial leadership. For example, there is a small but growing amount of research on entrepreneurs as authentic leaders (Hejazi, Maleki & Naeiji 2012; Jensen & Luthans 2006; Koryak *et al.* 2015). However, the nascent research streams on entrepreneurial leadership and entrepreneurs as authentic leaders have exclusively integrated micro-level leadership behaviour with entrepreneurial behaviour. This reveals a contemporary lacuna at the strategic level – where strategic leadership behaviour needs to be integrated with entrepreneurial behaviour.

Two scholarly issues are startling – despite the variety of strategic leadership research on SMEs:

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**First**, researchers have conspicuously skirted “entrepreneurial” SMEs as an area for strategic leadership research. This is worrisome as “entrepreneurial” SMEs require strategic leadership to enhance their current and future contribution to economic growth. In particular, entrepreneurial SMEs: (a) thrive on innovation, (b) pursue growth, and (c) focus on strategic objectives (e.g. market target, market development, market position) (see Nieman & Nieuwenhuizen 2014:24).

**Second**, there is a paucity of models or frameworks of strategic leadership premised on entrepreneurs and entrepreneurial SMEs. This is a serious theoretical void – and also a major contextual gap in research. Extant models have focused on the impact of CEO and top-manager leadership styles and practices on organisational learning in a large, private organisation (Jansen, Vera & Crossan 2009:5-18). Another model developed by Davies & Davies (2006:162) is about the strategic leadership of a school. In Africa, policy-makers and entrepreneurs lack frameworks which depict the strategic leadership of an entrepreneur based on “situated meaning” – which is very close to the uniqueness and diversity of local ESMEs in a developing country like Malawi.

Eyong (2017:135) laments that:

“diminished [leadership] research in the African context has meant that Anglo-American taxonomical constructs are predominantly employed as material for scholarly instruction for leadership development in Sub-Sahara Africa even when these seldom fit the African context”.

The above considered, the aim of this study is to understand the strategic leadership of entrepreneurs – particularly in ESMEs in Malawi. In this qualitative study, the key research question is: *What do entrepreneurs as local strategic leaders of ESMEs in Malawi do to ensure the survival and growth of their enterprises?* With this in mind, the article begins by exploring the concept of strategic leadership rooted in the bureaucratic context of Western society, which reveals a gap in the domain of “entrepreneurial” SMEs. Subsequently, the research methodology is discussed – before the research findings are presented. An integrative framework of local strategic leadership of ESMEs is proposed. Areas for future research are highlighted, before the article is concluded.

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## 2. STRATEGIC LEADERSHIP THEORY

One of the amazing effects of the disdainful criticism of organisational sociologists in the 1970s and 1980s – who doubted the impact of leadership on organisational performance – was the simultaneous birth of the upper echelon theory on the one hand, and transformational and transactional leadership styles on the other hand (Elenkov, Judge & Wright 2005:667-668).

The upper echelon theory is traceable to the seminal works of Hambrick & Mason (1984). The upper echelon theory, as the theoretical root of strategic leadership, proposes that “organisational outcomes – both strategies and effectiveness – are viewed as reflections of the values and cognitive bases of powerful actors in the organisation” (Hambrick & Mason 1984:193). Thus, strategic leadership is about the symbolic role as well as the relational and social construction of top executives (Hambrick & Mason 1984:193-195).

Previous research on strategic leadership examined the impact on exploratory and exploitative innovation in the private sector (Elenkov *et al.* 2005:665-682). An investigation of the influence of leadership styles of chief executives on municipal performance (Wongyanon, Wijaya & Soeaidy 2015:76) and the development of a strategically focused school (Davies & Davies 2004:37) are evident in the extant literature. Strategy practice by a top management team (TMT) has been investigated in a university (Jarzabkowsk & Willson 2002:355-381), while in the army scholars have investigated the strategic leadership of a military system (Shriberg & Shriberg 2011:89).

Two fundamental and recurrent threads in the literature merit attention in order to shed light on the properties of strategic leadership and the relevance to entrepreneurs: (1) level and scope of responsibility, and (2) ontology of leadership.

### 2.1 Level and scope of responsibility

As a point of departure, the seminal work of Katz and Kahn (1966) brings to the fore the notion of levels or categories of leadership in organisations – the strategic, operational and tactical. Boal and Hooijberg (2000:516) stress that:

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“Strategic theories of leadership are concerned with leadership ‘of’ organisations ... and are marked by a concern for the evolution of the organisation as a whole, including its changing aims and capabilities ...”.

A slightly different view is that strategic leadership theory also focuses on the dominant coalition or top “executives who have overall responsibility for an organisation, their characteristics, what they do, and how they affect organisational outcomes” (Finkelstein & Hambrick 2009:4). In terms of level, entrepreneurs are viewed as strategic leaders in this particular study, because they are leaders “of” the entire ESME. They also have overall responsibility for their ESMEs.

Of note is that the upper echelon theory is criticised for using demographic proxies (e.g. age, functional background, top team size and characteristics) to infer strategic leadership behaviours (Nahavandi 2015; Yukl 2013). Thus, this theory is criticised for not studying strategic leadership. The seminal work on the Upper echelon theory is also lampooned as a “theory of group composition” – which fails to focus on behaviour of strategic leaders and their effect on the organisational outcomes.

## 2.2 Ontology of leadership

Drath, McCauley, Palus, Velsor, O'Connor & McGuire (2008:637) assert that there are two types of leadership ontology – the tripod and DAC (Direction, Alignment and Commitment) – which may guide a researcher. The tripod ontology of leadership asserts that:

“in its simplest form, [leadership] is a tripod - leader or leaders, followers, and a common goal they want to achieve” (Bennis 2007:3) ... “this is not a definition of leadership, but something much more fundamental: it is an expression of commitment to the entities (leaders, followers, common goals) that are essential and indispensable to leadership and about which any theory of leadership must therefore speak” (Drath *et al.* 2008:635).

The tripod ontology emphasises the hierarchical influence of a leader on followers, but is silent on the lateral influence of peers (Drath *et al.* 2008).

Conversely, DAC ontology is distinctive because it acknowledges three leadership outcomes (Drath *et al.* 2008:636). The direction as a leadership outcome is characterised by widespread agreement on overall aims, mission and objectives in a collective. The other

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leadership outcome is alignment – which refers to the organisation and coordination of knowledge and work in a collective. Lastly, commitment as a leadership outcome underscores the willingness of the members of a collective to subsume their own interests and to benefit within the collective interest (Drath *et al.* 2008:636).

The three leadership outcomes are helpful to explore the contemporary view of entrepreneurs as strategic leaders of ESMEs, who influence others in order to create value for customers. For the purpose of this study, strategic leadership is considered to be leadership at the apex of an ESME. In order to embrace a variety of aspects relevant to this type of leadership, the study draws on the tripod ontology to understand issues related to leader-follower interactions and achievement of common goals. The DAC ontology of leadership is also used to specifically understand how an entrepreneur, as a strategic leader, deals with issues of setting direction and achieving the alignment and commitment of various stakeholders.

### 2.3 Context of strategic leadership

Strategic leaders are adept in identifying the context they are working in, but also “tailor their approach to fit the complexity of the circumstances they face” (Snowden & Boone 2007:69). Often, the one-size-fits-all philosophy is not very useful to strategic leaders of ESMEs – as different contexts have different demands or a unique requirement. Notably, prevalent seminal and macro-level theories of leadership like the upper echelon theory originate from the bureaucratic paradigm of organisation and the Western prototype of a leader (Uhl-Bien, Marion & McKelvey 2007:30).

SMEs provide entrepreneurs with greater flexibility and speed in order to meet customer needs. As if to underline the misfit of entrepreneurs in a bureaucratic organisation, Hejazi *et al.* (2012:72) state that there are “fewer opportunities in a bureaucratic structure to exploit the capabilities of entrepreneurial leaders”.

Entrepreneurs as strategic leaders of ESMEs have limited resource heterogeneity, but also enjoy the relative ease of communicating within small enterprises. In terms of size, SMEs as contexts for entrepreneurs, provide a great opportunity to widely share and communicate values between employers and employees (Haugh & McKee 2004:377).

To be laconic – entrepreneurs as leaders in a SME seek product-market innovations. Without bureaucracy, the context of a SME encourages entrepreneurs to actually take risks, to behave proactively, and to enjoy the autonomy of being strategically entrepreneurial. As leaders, entrepreneurs are committed to the simultaneous significance of seeking entrepreneurial opportunity and competitive advantage (Hejazi *et al.* 2012:71). This attests that SMEs are very different – such that it is improper to simply label them as scaled-down versions of large bureaucratic enterprises.

In a nutshell, the call for research on strategic leadership of entrepreneurs in an ESME is salient, especially for under-researched Malawi and other developing countries in Africa.

### **3. RESEARCH METHODOLOGY**

This section describes how ESMEs and strategic leaders were selected, and also how data were collected and analysed.

#### **3.1 Research paradigm**

This exploratory study adopted a social constructivist paradigm to gain multiple and subjective perspectives of strategic leadership from the experience of Malawian entrepreneurs (not foreigners or immigrants), as local strategic leaders of ESMEs.

#### **3.2 Sampling**

Purposive sampling was used to identify six ESMEs in Malawi. Five aspects used for the selection were: (1) evidence of innovation in a form of product, service or process innovation; (2) evidence of market growth over five consecutive years; (3) use of strategic objectives; (4) independent ownership (solo, family, partnership) without outside control in taking major decisions and activities; and (5) number 5-99 employees, in conformity with the official definition of SME by the Department of Trade in Malawi.

Purposive sampling was also used to identify 12 Malawian entrepreneurs – 4 females and 8 males – all of whom were strategic leaders with hands-on involvement in their respective enterprises. Participants were aged 25 to 60 years and had 5-12 years of experience with operating their enterprises. Two strategic leaders were identified from each of the chosen

ESMEs. Located in the central and southern region of Malawi, the six ESMEs produced: (1) juice from baobab fruits (*malambe*); (2) milk and related products; (3) meat products; (4) roast groundnuts; (5) honey; and (6) bakery products and maize flour for the domestic market.

### 3.3 Data collection

A total of 17 audio-recorded, in-depth and semi-structured interviews were conducted with 12 entrepreneurs who were local strategic leaders. Five (5) of these interviews were follow-up and member check. An interview guide was used to help entrepreneurs, as strategic leaders, to reflect on what they were doing, in order to enable their ESME to survive and grow. Face-to-face interviews captured a variety of: (1) general critical incidents experienced in each enterprise; (2) incidents specifically depicting survival and growth, setting of direction, alignment and commitment of employees and other stakeholders in each ESME; and (3) what entrepreneurs did as strategic leaders of the ESMEs to deal with these incidents.

Specific questions were based on aspects of the tripod and DAC ontology of leadership – and probed various aspects of leadership such as type of influence, leader-follower relationship, common goals, and leadership outcomes of what entrepreneurs were doing as strategic leaders. There were also questions on how strategic leadership related to product, service and process innovation, and the pursuit of various forms of growth (finance, market, geographical, product portfolio) and strategic objectives. This was to probe the ways in which the manifested strategic leadership of entrepreneurs was entrepreneurial, or not so, in the SMEs. Each interview lasted about 30 minutes. Data collection ceased when further interviews could not generate any new data. Limited diversity in the sample and exclusive use of interviews are key limitations – such that the results are only transferable and not generalisable.

### 3.4 Data analysis

Transcribed data were subjected to member check prior to analysis using open coding and constant comparison. Key categories were induced from data and were subsequently developed into dominant themes of characteristics and abilities reflecting what



entrepreneurs, as strategic leaders of ESMEs, were doing to help their ESMEs survive and grow. Details of the research process and direct quotes from participants are given to serve as an audit trail, and to enhance dependability and credibility.

## 4. RESULTS

In this study, eight complementary factors have been identified to depict what entrepreneurs, as local strategic leaders of ESMEs, actually do in pursuit of survival and growth in their enterprises within a business environment. These are: abilities to undertake organisational activity, and individual characteristics. Also entwined in these are strategic, entrepreneurial and competitive demands on strategic leadership of an entrepreneur in an ESME in Malawi.

Entrepreneurs, as strategic leaders, have the organisational ability to:

- Strategically iterate between humanising and commodifying organisational members;
- align priorities and resources to create value;
- shape and exploit competitive advantage; and
- promote entrepreneurial culture.

Additionally, entrepreneurs as strategic leaders also display:

- Opportunity-seeking wisdom;
- build appropriate social capital;
- entrepreneurial resilience; and
- curiosity and practise-led learning.

Each of these factors will be presented in turn.

### 4.1 Organisational abilities

An entrepreneur as a strategic leader of an ESME directs, organises and influences the strategic behaviour of others – but also shapes the entrepreneurial and competitive tasks of an organisation to achieve entrepreneurial outcomes:

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#### **4.1.1 Strategically iterate between humanising and commodified organisational solidarity**

Twelve strategic leaders were involved in strategic adaptation of the orientation in an ESME – in order to influence employee behaviour to respond to changes in the business environment. Under harsh business circumstances strategic leaders exhibited wisdom of strategic conversation with all employees, in order to grasp the mutual vulnerability of business and livelihood as they humanised internal relations to create a sense of collective purpose – and a common goal which was achieved through heterogeneity of organisational members.

This type of strategic ability was illustrated as follows:

*Our bakery sales dropped unusually within a short period. We all sat down – me, my sister, my son and everyone in this business – to talk about this sudden crisis. We were open to each other as anthu amodzi (united people). Employees felt more valued and respected, as their ideas changed things. They worried for their jobs. We agreed that a few things had to change quickly ... we had to collaborate more ... so that our vans were first on the customers' door (SL7).*

Alternatively, strategic leaders also delimited the overall influence of non-family employees, and began to rely strongly on a homogenous, cohesive in-group of family and friends – especially in favourable circumstances.

Organisational ambidexterity was necessary for strategic leaders to discard the humanising of relationships and start commodifying of relations – especially by discriminating against non-family employees on account of distrust, as illustrated below:

*It is appropriate that some things cannot be left in the hands of people you do not trust. We are all people – but not the same. Non-family employees are helpful in tough times, but I do not fully trust them all the time. People change. I use them to get raw materials, distribute products, and deliver value to customers ... It is my relatives and close friends whom I rely upon more ... especially when business is good (SL12).*

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#### **4.1.2 Align priorities and resources to create value**

Ten of the twelve strategic leaders reiterated how they were often involved in reading situations and a creative combination of resources – to ultimately align priorities with resources. Mindful of how many local entrepreneurs lost ownership of their businesses as a result of debt, one of the strategic leaders reflected on how he determined the timing of strategic activities – but also balanced how to provide resources for current operational challenges and future growth:

*We planned to replace the cold rooms ... expand; they are old and break down often, but we cannot get a loan for that now. We have to clear the debts with our suppliers first. We do not want to be like many other people who get an investment loan ... misuse it ... and lose ownership of a good company to a bank; this is our business. We will grow ... replace everything through sales from our milk products (SL5).*

Furthermore, shrewd use of relational authenticity, high interdependency and reliance on the work ethos of family employees was salient with respect to coping with pressure to deliver value to customers. In this regard, one of the strategic leaders recollected how he usually avoided non-family employees, as they were stereotyped as not committed and supportive enough – particularly when extra effort and time were necessary:

*We have observed that relatives put more effort, time, and commitment into getting work done. Non-family employees give excuses when you need them most. These sometimes lack Umunthu (dependability). Whenever we have to work late at night, family employees are always here. We sometimes get big orders at short notice ... process honey and have it ready for a customer (SL4).*

#### **4.1.3 Shape and exploit competitive advantage**

Nine of the strategic leaders stated how the ability to compete involved shaping, exploiting and protecting the sources of competitive advantage necessary to survive and grow in the market. As entrepreneurs, strategic leaders relied on the cooperation and trust of the informal and smaller retailers – to have a distribution network which was helpful not only to

monitor in-store product stock-outs, but also to gather market intelligence in retail outlets not attractive to large competitors.

This was surmised by one of the strategic leaders, as follows:

*My customers have always been the informal, small retailers in overcrowded markets. They phone me when the stock of honey is getting low ... and also tell me what's happening on the market. Sometimes they pay cash for the whole order, while sometimes they pay half of the stock collected ... and complete the payment later. Small retailers help us avoid direct confrontation with large competitors (SL 9).*

The ability to anticipate risks and to institute measures to protect a competitive advantage was critical for business survival and continuity. One of the strategic leaders used relational trust to contain a persistent risk of theft of a product recipe:

*One of the competitors has been trying to get our recipe. He tried to bribe our two staff members [amount of money] so that they would disclose our recipe to him. These two employees are our real relatives ... They refused and reported this incident to us. We knew that these relatives see our loss as also their loss (SL8).*

#### **4.1.4 Promote entrepreneurial culture**

All 12 strategic leaders echoed how entrepreneurial culture was created and promoted by encouraging ways that had consistently worked well in identifying and exploiting opportunities in an ESME. This underscored the primacy of the continuous search for opportunities and determination of the capabilities needed to successfully exploit them. One of the strategic leaders illustrated how the relentless search for sales opportunities and scanning of the environment for prospective growth were part of the entrepreneurial culture:

*We are always busy – looking here and there for consumer and institutional markets for our processed meat. Kwazizira alibe mpani [Those who are scared of the cold will never have a reward to show]. In the past we went to every major boarding school and college in this city and Kasungu to persuade them to give us orders to supply them meat. We already have clear plans to open an abattoir in the northern region (SL11).*

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As entrepreneurs, strategic leaders also promoted the entrepreneurial axiom of uncertainty, risk and ambiguity – as underlying parts of entrepreneurial insight or opportunity. Thus, a superior eye for resource value, pursuit of profit from an innovative product with unknown marketability, and commitment of scarce personal resources in order to exploit a newly created product – were all parts underlying the local entrepreneurial culture:

*The bottom of it all is that we were in unchartered waters. No one knew there was a lot of money in this juice from sour wild baobab fruits. It was a new product. But we took a bold decision to put a lot of our personal money into this new product on the market. As you know, an entrepreneur is a trouble shooter who never sleeps in order to ensure that s/he is making money. Now the business has grown ... (SL4)*

Self-propulsion in business was one of the pervasive beliefs of entrepreneurs as strategic leaders – derived from exemplars of how to get things done or avoid loss of business ownership due to problems with external, formal financing. While this dominant cultural aspect was helpful in reinforcing a more disciplined use of own resources, it also inadvertently entrenched fear of growth through external funding:

*It's not pleasant ... it's painful and degrading in society when a bank dispossess your property. There are indelible stories of how previous owners erred ... got bank loans and were not able to repay the loans. They were finally liquidated. We do not want that stigma to happen to us ... We will do it on our own as a self-propelled business (SL7).*

While entrepreneurs as strategic leaders of their ESMEs had organisational abilities, they also displayed individual characteristics to lead self and to provide the pathways for others.

## 4.2 Personal characteristics

At the level of personal characteristics of an entrepreneur as a strategic leader of an ESME, the study uncovered strategic, entrepreneurial and competitive aspects of seeking opportunity, building a variety of networks and relationships, entrepreneurial resilience, and learning from practice.

#### 4.2.1 *Opportunity-seeking wisdom*

The entrepreneurial ability to perceive and pursue appropriate modes of action to search feasible business opportunities at the right time, was prevalent among all 12 strategic leaders of ESMEs in the study. Notably, some of the strategic leaders combined local knowledge with curiosity in terms of experimenting with nebulous ideas about the alternative use of idle or less-valued resources. This was illustrated by one of the strategic leaders who reflected on how he ultimately created a local commercial product which was the first of its kind on the market:

*There were many wild fruits just lying on the ground on our farm. No one cared about these. I knew people eat these fruits ... eat the white powder. I was curious to try to use the powder and make juice. I asked people to pick them up for us so that I could try to make juice for family members. They liked it ... Slowly, more people were interested. That is how we were the first on the market – the rest are followers (SL1).*

Entrepreneurial alertness to changes disrupting customer preferences led one of the strategic leaders to unravel a steady stream of profit from a product which was previously popular – but which was no longer available to customers:

*I have always been curious at many, many office functions ... I noticed how many people enjoyed roasted and packaged local groundnuts. I was just interested. But when the company manufacturing this nut closed, I saw this as a gap ... a business opportunity to make money. I definitely knew what people were missing (SL6).*

Furthermore, entrepreneurs as strategic leaders also displayed wisdom in being able to generalise from limited insights gathered through interactions with customers in search of novel variations to existing products – in order to fulfil customer needs in a unique way:

*Our product is an adaptation of the original recipe we obtained from Chitedze Agriculture Research. We are the best because we changed the [name of the product] recipe further using feedback from customers. We asked some people in offices and at the trade fair. We still ask people to tell us about the taste of our product (SL2).*

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Another strategic leader revealed how opportunity-seeking as an entrepreneurial ability required creativity and an open mind to engage in new collaborations with traditional competitors – in order to locate better sales opportunities, especially during tough times:

*We used to sell at one dollar and two cents per kilogram. Yes, business is like a battle, but we had to check prices with our local competitor. They were also complaining ... their customers were offering 40 cents. We contacted another competitor in Zimbabwe who told us about someone who was buying at 75 cents – which was better (SL5).*

#### **4.2.2 Build appropriate social capital**

With the primacy of relationship-driven competition, 10 of the 12 strategic leaders displayed the ability to search and build relationships and networks as being central in their competitive toolboxes. One of the strategic leaders shared how he connected the business to large institutional markets through a variety of personal networks, in order to compete through “bridges” or “support” from different types of influential people:

*We went to different government offices and private companies to visit all those friends who are now powerful – to tell them about our company and ask for their support. Luckily, we have a lot of friends ... old colleagues ... old school friends, some we meet in church, some are relatives ... they give us a line. It's my job to know which stone to step on so that we do not fall down. Business is connections ... the rest follows (SL7).*

Besides enjoying the benefits of selective social networks and focused networking, strategic leaders also dealt with a variety of internal setbacks:

*Our friend was neglecting the company because of heavy involvement in politics. He would simply come here to tell us to supply this for party functions ... supply that to this government department. At first we were all happy. Things changed when we were no longer getting paid. We were having cash problems. Then we started fighting among ourselves ... (SL3).*

Another strategic leader reflected on how he was grappling with subtle exclusionary business practices based on inter-ethnic differences of entrepreneurs:

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*Getting bottles was very difficult ... What happened was that Asian business people kept bottles for each other so that they can produce and supply while others are watching. They would lie to you that there are no bottles ... the alternatives are way too costly. This has been a serious bottleneck for us. We have encouraged one of us to manufacture these bottles – and we will support him (SL1).*

### **4.2.3 Entrepreneurial resilience**

Twelve strategic leaders reflected on entrepreneurial resilience in a variety of ways. Commonly, the entrepreneurial ability to successfully retain focus on a course of action or obtain results despite going through adversity and threats, was key to growing the business and gaining the commitment of employees. One of the strategic leaders aptly surmised how his strategic flexibility was useful to carrying on with market penetration despite unforeseen opposition and difficulties:

*When I opened a sales outlet in one of the suburbs ... Area 47, my competitors created lots of problems. I had to close. Three weeks later I opened another sales outlet in one of the townships ... in Kawale. The owner of the house I rented annulled the tenancy while I was still putting stuff on shelves and about to open. This toughened us up to open sales outlets which are doing well. Business growth means endless problems (SL4).*

Being entrepreneurs, strategic leaders displayed a persistent survival mentality buttressed by different familial and informal resources to grow their businesses. This is what another strategic leader had to say:

*We agreed as partners that we need to sacrifice for the capital to grow; this means we were not on salaries. Sometimes we would put in our personal money and recover it in small amounts over a period of time. It was very tough for us and our families to survive. After some few months of suffering and hard work, the business grew ... money was there. We do this whenever things are tight (SL3).*

Notably, strategic leaders' entrepreneurial resilience was also supported by the influence of deep-seated beliefs such as "business-first and family-second" – which recognises what



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family and the enterprise bring to each other. Entrepreneurial resilience under genuine uncertainty was highlighted by one of the strategic leaders:

*We used to inject ... personal cash into the business whenever we got some orders and had no raw materials. It was risky, there was no guarantee that we would recover. Things like school fees for children were sourced by each member on his own, and our families were complaining. But we have grown now, everyone is happy that we did the right thing to suffer and enjoy later (SL7).*

#### **4.2.4 Curiosity and practice-led learning**

Commonly, all 12 strategic leaders concurred that the strategic ability to make sense, share useful meaning delineated from a range of learning practices, and also to learn to support the learning of others in an ESME was key in leading ESMEs.

Sometimes, strategic leaders extrapolated practical wisdom from a wide range of practical learning experiences which they used to quickly refine useful processes and practices that were transferable to different contexts. This was reported by one of the strategic leaders, as follows:

*Before this business ... I was selling vegetables to women vendors. They would get vegetables in the morning on credit and give me my money before the evening. I started with one old woman. I was amazed how well it worked. She recommended her friends to me. It also worked. Up to now, this informs my contemporary credit sales (SL8).*

Learning based on practice involved the ability to support learning modes across individuals, teams and between organisations. In this vein, strategic leaders echoed how practical and challenging work was a social vehicle to enable learning with and from others, and also collective creativity to extract anticipated and unanticipated lessons:

*We learn from our challenges here at work ... as we interact with different customers, suppliers ... and solve problems. We share ideas ... and question assumptions to trigger new interpretations. We reflect ... and learn from unanticipated things; we also find out from other businesses ... at the end we know what to do if the same happens again (SL4).*

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In a slightly different vein, another strategic leader emphasised the ability to facilitate exchange of tacit knowledge, and interactive and experiential modes of learning for sense-making and the solving of real-life problems:

*It's key to making the old, experienced employees feel they are a conduit of knowledge. If you do that ... they share their vast experience and lead activities. Whenever a problem arises, they assume the role of task leader, and try to find a solution before seeking further help (SL6).*

## **5. FRAMEWORK OF LOCAL STRATEGIC LEADERSHIP OF ESME**

As shown in the dominant themes in this study, strategic leadership of an entrepreneur in an ESME is complex, and is parsed into two broad but complementary components of individual characteristics and organisational abilities to lead self and others to manage resources strategically (advantage-seeking behaviour), but yet entrepreneurially (opportunity-seeking behaviour).

Three business aspects are interwoven both in individual characteristics and the organisational abilities of entrepreneurs as strategic leaders – pronouncing the strategic, entrepreneurial and competitive aspects of business survival and growth. To be succinct, entrepreneurs who are strategic leaders of ESMEs display four individual characteristics – two of which reflect an entrepreneurial leitmotif while the others depict competitive and strategic dimensions.

### **5.1 Entrepreneurial dimension**

A strategic leader of an ESME is characterised by opportunity-seeking wisdom to meaningfully conceptualise and search for entrepreneurial insight. Scholars such as Mitchelmore & Rowley (2010) concur that the entrepreneurial ability to conceptualise or recognise business opportunities is important to an entrepreneur. Furthermore, entrepreneurs as strategic leaders also display entrepreneurial resilience which is sometimes buttressed by social traditions which tap on family resilience and support whenever necessary (Goel & Jones III 2016:109).

## 5.2 Competitive dimension

The provision of competitive direction and the exploitation of advantage by an entrepreneur as a strategic leader are critical in a competitive environment. To compete, the ability to build appropriate social capital is crucial. This is grounded in prevalent cultural views which underscore that a competitive edge in local business is primarily embedded in a web of social connections and relationships (Nahapiet & Ghoshal 1998).

There is also a strategic ability of learning from practice and supporting organisational learning in an ESME. This fosters curiosity and practice-led learning – which is strategic to creating and sustaining an internal basis of competitive advantage in an ESME (Goel & Jones III 2016).

## 5.3 Strategic dimension

An entrepreneur as a strategic leader of an ESME cannot always do everything on his or her own. Notably, two of the four organisational abilities of an entrepreneur as a strategic leader depict a strategic dimension. It is strategic that an entrepreneur is concerned with both the short and long-term viability of their enterprise.

In pursuit of this, a strategic leader has the ability to strategically adapt the structure, composition and purpose of internal organisational solidarity relative to changes in a business environment – to ensure short and long-term viability. Strategic leaders are ambidextrous as they iterate between two patterns of strategic orientation – the humanising and commodifying of the relationship with internal organisational members.

The humanising of the relationship with all employees in an ESME creates the cohesion, collective creativity and effort necessary to deal with external business threats. The organisational pattern of a humanising relationship resonates with the most recognised local African concept of *ubuntu* – which highlights humaneness, interconnectedness and concern for others (Kayuni & Tambulasi 2012). In the parlance of Nussbaum (2003:7), *ubuntu* should give “an emotional soul to a business”.

Alternatively, an entrepreneur as a strategic leader also adopts an internally focused orientation characterised by the commodifying of relationships with non-family organisational members as a *modus operandi* in a friendly business environment. To put it

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aply, the commodifying of a relationship with only non-family employees occurs because this type of organisational members lack relational trust to enhance the long-term viability of an ESME (Basco 2014:67-70).

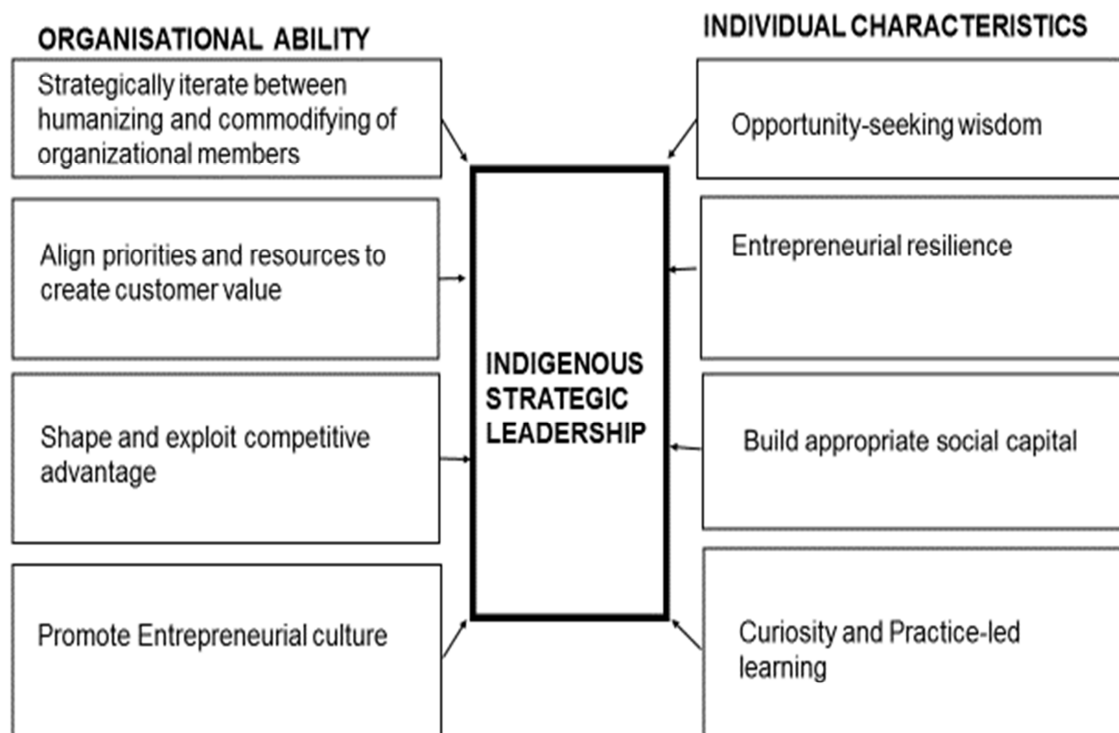
While this reflects strategic flexibility and the necessity of different strategic leadership styles, it also reveals the dialectic behaviour of entrepreneurs as local strategic leaders of ESMEs. Thus, they effectively combine and master the contradictory styles of both humanising and commodifying a relationship – which ultimately contributes to business survival and growth.

Entrepreneurs as strategic leaders balance competing priorities and alignment with resources to create value. This strategic ability mobilises the necessary internal support and appropriate commitment commensurate with external threats and inter-organisational collaboration – to secure resources or access to markets (Goel & Jones III 2016). To compete as an organisation, strategic leaders shape and protect the internal basis of competitive advantage in an ESME.

Overarching the three dimensions of strategic, entrepreneurial and competitive behaviour is entrepreneurial culture – which provides a bedrock for shared social learning on how to deconstruct and exploit an opportunity in an ESME.

The ability to promote an entrepreneurial culture is vital to sharing and entrenching successful solutions as a way to addressing the entrepreneurial problems of business survival and growth. In the light of the results of this study, an integrative framework of the local strategic leadership of an entrepreneur in an ESME, is proposed and presented in figure 1:

While any single entrepreneur who is a strategic leader may not display every single characteristic and organisational ability, those in this study displayed many of them – entwined by the three dimensions of strategic, entrepreneurial and competitive behaviour.



**FIGURE 1: Framework of the strategic leadership of an entrepreneur in an ESME**

Source: Author's compilation 2017

## 6. AREAS FOR FUTURE RESEARCH

Generally, all the various components of local strategic leadership of an entrepreneur, as proposed in the framework, need to be subjected to deductive research involving a variety of entrepreneurs who are strategic leaders in different types of ESMEs. This is significant for capturing as much diversity as possible – of what entrepreneurs in different sectors and circumstances actually do as strategic leaders of ESMEs. Specifically, three issues from results in this study illuminate areas for future research: the ontology of components comprising the strategic leadership of an entrepreneur, strategic leader ambidexterity and dialectics, and reparation of broken trust.

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## 6.1 Nature of various components of the strategic leadership of an entrepreneur

**Firstly**, the results of this study revealed that the strategic leadership of an entrepreneur comprises strategic, competitive and entrepreneurial dimensions broadly categorised into individual characteristics and organizational abilities. In this regard, researchers need to explore further not just the nature of what specifically comprises each of the identified dimensions, but also how the integration process of the various dimensions actually occurs in a manner that ensures that strategic leadership enhances both organisational survival and growth of an ESME – as well as the excellence of an individual as a strategic leader.

Jensen & Luthans (2006:647) assert that although more focus has been given to leadership than any other concept or process and that the study of entrepreneurship has mushroomed in recent years – the study of entrepreneurs as leaders is a gap in both bodies of knowledge. A call for interdisciplinary research is most appropriate – given that entrepreneurship research is biased by a predominant focus on “single individuals”, “opportunity” and “start-up”, which often ignores the organisational and leadership perspectives.

Foss & Lyngsie (2014:209) acknowledge that our understanding of “many key issues in the intersection of organization and entrepreneurship is incomplete”. Research needs to embrace the organizational means and strategic leadership underpinnings, which call forth and lead the processes of recognising, evaluating and exploiting opportunities to ensure business survival and growth in an ESME. It is imperative that interdisciplinary research should be integrative to focus on the confluence of the leadership “of” an organisation, competitive strategy, and strategic entrepreneurship within an ESME – and ultimately draw from a variety of perspectives.

## 6.2 Ambidexterity and dialectics

**Secondly**, the results of this study have also revealed a dialectic between the humanising and commodifying of the relationship with organisational members by entrepreneurs as strategic leaders in ESMEs. This invokes questions regarding an entrepreneur’s perspectives of *ubuntu* within the organisational boundary.

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This study has shown that ambidexterity of entrepreneurs as strategic leaders of ESMEs is part of a strategic ability which entails the juxtaposition of the humanising and commodifying of relationships – to create an organisation that is helpful to achieve the entrepreneur's vision. This is a dialectic which is partly dissonant or at odds with common notions of *ubuntu* and reciprocity among stakeholders in an African community.

In particular, concern for others, humanness and togetherness as cardinal features of *ubuntu* are not in agreement with the commodifying of relationships with fellow human beings who are non-family employees. In Malawi, organisational research reveals that the African social philosophy of *ubuntu* is evident at community level through corporate social responsibility to care for the community (Kayuni & Tambulasi 2012:67-68).

While cognisant of “individualistic South African business culture”, Venter (2008) also concurs that *ubuntu* in large family businesses in South Africa is similarly practised in a form of social responsibility activities. These echo the need for organisational and leadership research to focus on understanding the impact of the dialectic of humanising and commodifying the relationship primarily on the strategic leader's perspectives of *ubuntu*, but also on the commodified employees. It is vital that the focus should be internal to rather than external to an organisation.

Another notable dialectic worthy of research is the strategic iteration between inclusionary (i.e. humanising) and exclusionary orientations (i.e. commodifying), and changes in organisational patterns by a strategic leader of an ESME which have potentially detrimental effects on the organisational citizenship behaviour of employees.

Research is needed to explore how this type of strategic iteration affects the organisational behaviour of employees who initially had a strong sense of belonging to a collective, but who later on feel alienated. Additionally, the effect of this iteration on the collective creativity of employees to manage resources strategically in an ESME, is also extremely interesting to future researchers.

### 6.3 Managing trust

**Thirdly**, this study also found that trust between employees and entrepreneurs as strategic leaders of ESMEs, is broken when a humane relationship is replaced by an instrumental

type of interaction. Future research needs to explore how entrepreneurs who are strategic leaders repair broken trust – especially after a shift from the humanising to the commodifying of the relationship with employees in an ESME. A strategic leader needs to maintain social harmony and the advantages of a humane organisation. This may be difficult when the commodifying of the relationship with non-family employees is instrumental in triggering perceptions of division and betrayal.

Kutsyuruba, Walker & Noonan (2011:84) posit that the “reparation of broken trust is not an easy undertaking” and can be a “long and difficult process” of restoration – but worthy of the “investment of time and energy required by the repair process”. A key research question is how do entrepreneurs as strategic leaders engage in the process of restoring the trust of employees? This is interesting – as it is human rather than financial capital, which is often the basis of competitive advantage in most small businesses.

## **7. CONCLUSION**

This study concludes that entrepreneurs as strategic leaders display a set of diverse individual characteristics, but also organisational abilities which integrate into a holistic framework of local strategic leadership of an ESME in Malawi. In terms of composition, an integrative framework embraces a range of strategic, entrepreneurial and competitive aspects of entrepreneurial strategic leadership – which are significant for ensuring business survival and the growth of ESMEs.

It is also noteworthy that contradictions or dialectics evident in the strategic leadership of entrepreneurs in Malawi ensures both the short and long-term viability of their ESMEs. This provides a fertile area of research to understand how the juxtaposition of the humanising and commodifying of relationships with organisational members results in business survival and growth.

This article is a step towards “situated” and more “dynamic” meanings of entrepreneurs as strategic leaders, and the specific ontology of their strategic leadership for ensuring the survival and growth of small entrepreneurial enterprises in Malawi.



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