

The Relationship between Entrepreneurial Leadership and Organizational Innovation among Small and Medium-sized Enterprise Entrepreneurs in China: A Conceptual Framework

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Abstract

This study draws on a broad spectrum of research to investigate the theoretical underpinnings of entrepreneurial leadership, highlighting the leader's vision, creativity, and proactive stance toward identifying and exploiting opportunities. The aim of this research is to examine the factors that influence entrepreneurial leadership and its beneficial impacts. This study will specifically examine how entrepreneurial passion and learning capability influence entrepreneurial leadership, as well as how entrepreneurial leadership contributes to organizational innovation. In addition, it is essential to investigate how strategic flexibility, job crafting, and psychosocial safety climate moderate the influence of entrepreneurial leadership on organizational innovation.

Keywords: entrepreneurial leadership, learning capability, entrepreneurial passion, psychosocial safety climate, organizational innovation

1. Introduction

1.1 Background of the Problem

The world is undergoing rapid transformation, particularly concerning products and technologies. This swift pace of economic growth compels organizations to adapt and innovate in response to the expanding economy. In this context, entrepreneurial leadership is not merely an option for companies; rather, it represents a significant trend in academic discourse. Meanwhile, the rise of globalization has prompted significant changes in how various organizations operate. This phenomenon has not only intensified competition among firms but has also contributed to a reduced lifespan for organizations. To sustain their longevity, organizations need to adopt innovative strategies that improve the efficiency and effectiveness of their processes moving forward. Additionally, these innovations have fostered the development of new fields within knowledge management and information technology management, which serve as essential tools for success and survival. In this context, a leader's role is critical for any organization's success. Numerous emerging economies are anticipated to shift from industrial models to entrepreneurial frameworks, where entrepreneurial leadership is acknowledged as a vital factor in driving organizational success (Cho & Lee, 2018).

Researchers (Leitch & Harrison, 2018) have claimed that the impact of the global entrepreneurial revolution exceeds that of the industrial revolution. They view entrepreneurial leadership as a key element in the modern global economy. As a result, the idea of entrepreneurial leadership has started to evolve. This concept embodies a combination of entrepreneurial qualities and leadership traits, emerging as an important theme in business literature. Although there is a substantial body of literature on entrepreneurship and leadership, research specifically targeting entrepreneurial leadership remains limited and is still in the early stages of development. The authors examined the current state of literature regarding leadership and entrepreneurship, concluding that a considerable amount of the available research tends to focus on each concept in isolation, neglecting the dynamic interplay of the newly established concept of entrepreneurial leadership that integrates both areas.

Entrepreneurial leadership is defined by the ability to inspire individuals to strategically utilize resources, thereby promoting both opportunity-seeking and advantage-seeking behaviors (Ireland et al., 2003). This conceptualization encompasses viewpoints from entrepreneurship as a process of value generation, emphasizing the capability and readiness to recognize and pursue opportunities. Leadership, in this context, is described as the process of guiding others to comprehend and concur on necessary actions and effective methods for execution, as well as facilitating both individual and collective accomplish to achieve a common goal (Yukl et al., 2002). In a related context, Gupta et al. (2004) define entrepreneurial leadership as a leadership approach that creates visionary frameworks to mobilize and organize a dedicated "supporting cast" of individuals committed to recognizing and leveraging opportunities for strategic value creation.

Gupta et al. (2004) investigated two behaviors linked to entrepreneurial leadership:

“developing visionary scenarios” (transformational enactment) and “forming a cast” (cast enactment), which enable the firm to capitalize on business opportunities. Their definition received factor analytic validation through assessments by extensive samples of middle managers across 60 cultures. While the study focused on cross-cultural dimensions and roles without specifically examining contextual behaviors, it indicated that the ability to create a vision and to assemble a capable team are fundamental traits of entrepreneurial leadership. In summary, recent findings suggest that entrepreneurial leadership is unique and warrants specific focus, emphasizing vision development and team formation as essential duties for leaders of new ventures. Based on this, the choice of entrepreneurial leadership as the research topic is an innovation of the previous research on leadership and entrepreneurship, especially in today's increasingly important entrepreneurs.

Given the swift growth and broad scope of startups, examining the characteristics of entrepreneurs through the lens of entrepreneurial leadership offers considerable practical benefits for the development of small and medium-sized enterprises. Entrepreneurial leadership can be understood as a comprehensive capability that encompasses the identification, development, and enhancement of an organization's existing or new assets. It combines the decision-making power, ruling power and innovation power possessed by individual entrepreneurs (Hussain & Baoming, 2022). With the growth of enterprises, new capabilities are constantly incorporated or the development of different capabilities in new stages is highlighted (Ruvio et al., 2010).

1.2 Significance of the Problem

Some scholars (Ahn & Meeks, 2008) emphasized that entrepreneurs serve as the primary catalysts for company growth, while entrepreneurial leadership constitutes the internal impetus for organizational development. Other scholars (Aggarwal & Hsu, 2014) used the content analysis method to summarize the relevant literature and found that the research on the proposition focused on the company's development path, growth factors, incubation mechanism, environmental variables and other aspects. Entrepreneurs' personal and behavioral characteristics will significantly affect their own entrepreneurial behavior and the development trajectory of companies. This research focuses on entrepreneurial leadership, exploring the factors that affect it and the impacts that entrepreneurial leadership exerts on organizations. Currently, the majority of research on entrepreneurial leadership treats it as an independent variable to assess its effects. In contrast, this thesis positions entrepreneurial leadership as a mediating variable, further exploring the factors that influence it while also examining its impact. This represents a significant innovation of the study, aiming to establish a framework for entrepreneurial leadership and to pinpoint critical gaps in the current literature on the topic.

With the intensification of world economic competition, the living environment of Chinese enterprises is becoming more and more uncertain. However, due to the high uncertainty and complexity of R&D activities, high-quality innovation activities often require the mobilization of a large number of enterprise resources across departments. So that this paper will improve the factors affecting entrepreneurial leadership, so as to help companies better

play entrepreneurial leadership.

The object of this research is entrepreneurs within SMEs in China. As a developing country in the process of economic transformation, the importance of innovation is self-evident. Especially for SMEs companies, mastering innovative technology will have core competitiveness. Entrepreneurial leadership is vital for the transformation and growth of an organization. The leadership capabilities of entrepreneurs influence not only their personal performance but also impact the development of employees and the overall organization. Therefore, it is extremely important to analyze the factors that affect entrepreneurial leadership, which will help entrepreneurs better manage their companies. So that this research will add the theory of entrepreneurial leadership in SME companies in developing economies.

2. Literature Review

2.1 Entrepreneurial Passion and Learning Capability

In previous quantitative investigations, diverse conceptualizations and measurements have been employed to capture the essence of entrepreneurial passion. Scholars contend that entrepreneurial passion, construed as a fundamental individual disposition, serves as a driving force propelling individuals towards the efforts of entrepreneurs (Huyghe et al., 2016). The definition of entrepreneurial passion that enjoys the broadest acceptance is that put forth by Cardon and his colleagues (Cardon et al., 2013). They characterize entrepreneurial passion as “intense positive emotions that are consciously acknowledged and experienced during engagement in entrepreneurial activities linked to roles that are significant and relevant to the entrepreneur's self-concept.”(Cardon et al., 2009). Consequently, entrepreneurial passion emerges when an entrepreneur demonstrates strong positive emotions toward particular entrepreneurial activities or “domains” associated with their venture, including innovation, founding, or development. Thus, entrepreneurial passion can be characterized as a strong and positive emotion that emerges from a profound connection with particular entrepreneurial activities (Cardon et al., 2013).

Recent studies concerning entrepreneurship and emotions—particularly passion—indicate that entrepreneurs who display above-average levels of passion are more likely to have broader networks (Davis et al., 2017) and exhibit increased effectiveness in engaging and motivating their employees (Breugst et al., 2012; Newman et al., 2019). Moreover, common outcomes have been recognized as optimism and a persistent motivation to achieve success in one's ventures (Milanesi, 2018). Indeed, passion serves as a catalyst for entrepreneurial readiness to acquire the new skills necessary for managing the daily operations of a venture (Biraglia & Kadile, 2017). Consequently, passion can influence entrepreneurial capability in terms of adapting to change, fostering creativity, and embracing risk-taking.

The literature indicates that the connection between entrepreneurial passion and leadership is complex, with recent research underscoring its effect on various leadership styles and its influence on both positive and negative outcomes within organizations (Bilginoğlu & Yozgat, 2021; Megheirkouni et al., 2018). Entrepreneurs who exhibit strong passion tend to invest

greater energy and effort into their new ventures and are more attuned to both the successes and setbacks of these enterprises (Grand et al., 2016). Additionally, the emotional dynamics, identity conflicts, affective processes, and diversity within entrepreneurial teams, along with their impacts on team performance and venture outcomes, remain insufficiently examined aspects in the research on entrepreneurial passion (de Mol et al., 2020; Santos & Cardon, 2019). Although many studies have explored the link between entrepreneurial passion and performance, there remains a significant gap in research concentrating on the relationship between entrepreneurial passion and entrepreneurial leadership. This shortfall is particularly noteworthy, considering that entrepreneurial leadership is essential for the success and innovation of entrepreneurial organizations.

Drawing from earlier discussions, learning capabilities can be viewed as a type of organizational creativity that acts as a complementary resource for entrepreneurs. In this regard, the concept of learning capability aligns with the notion of absorptive capacity, as defined by researchers (Cohen & Levinthal, 1990), who describe it as "a firm's ability to recognize the value of new, external information, assimilate it, and apply it for commercial advantage." Both concepts are generally associated with a firm's capacity to create new knowledge that holds commercial significance. Furthermore, they embody a core dynamic capability (Teece et al., 1997) through which a firm can reorganize elements of its resource base related to innovation in order to achieve successful organizational adaptation. In contrast to absorptive capacity, the new resources and skills acquired through a firm's learning capability may not always stem from external sources. Additionally, absorptive capacity is not linked to any specific knowledge outcome. Conversely, learning capability is distinctly characterized by a firm's capacity to introduce new products.

Learning capability serves as a vital strategic asset that empowers organizations to succeed in today's fast-changing and competitive market environment (Santos-Vijande et al., 2012). Furthermore, it functions as a crucial resource that enhances a company's efficiency and fosters innovation. This capability aids organizations in boosting productivity, identifying market opportunities, adapting business operations, reducing costs, and improving methods for delivering new products to the market (Sok & O'Cass, 2011). It is essential in influencing the ability of small and medium-sized enterprises (SMEs) to innovate and achieve success in the marketplace (Bontis & Fitz - enz, 2002). Learning capability enables companies to better recognize evolving market trends, allowing them to meet customer needs more effectively than their rivals (Bontis & Fitz - enz, 2002).

Additionally, it equips organizations with the ability to expand, refresh, and leverage their knowledge base, facilitating quicker responses to environmental changes and reducing uncertainty more effectively than competitors, thus strengthening their competitive edge (Harrison & Leitch, 2005). By developing a robust learning capability, both employees and SMEs can not only acquire and disseminate information relevant to technological markets but also consistently evaluate the effectiveness of the firm's storage and analytical functions, as well as examine the strength of the underlying logic that underpins the entire learning process (Grand et al., 2016; Wang et al., 2006). By leveraging learning capability, SMEs can inspire employees to exert appropriate effort, cultivate an environment that encourages creativity and

innovation, and ensure the efficient allocation of both tangible and intangible resources to deliver increased value. Consequently, SMEs that adopt a learning-focused strategy can effectively harness their technological and relational capabilities to enhance customer value, strengthen competitive advantage, and achieve outstanding performance. Nonetheless, there exists a significant lack of research examining the connection between learning capability and entrepreneurial leadership. Consequently, investigating the positive influence of learning capability within the framework of entrepreneurial leadership is of considerable interest.

2.2 Job Crafting, Strategic Flexibility and Psychosocial Safety Climate

Job crafting is defined as the process through which employees independently alter and reshape their work roles, relationships, and environments to achieve a better fit with their tasks (Tims et al., 2012). Unlike the traditional perspective on work design, this positive, value-oriented, bottom-up approach to active work behavior encourages a seamless integration of individual developmental needs with job characteristic (Fong et al., 2022). This approach has gradually emerged as essential for organizations to navigate uncertainty and achieve competitive advantage (Petrou et al., 2018). Both theoretical and practical research findings indicate that employee job crafting not only boosts individual work engagement and meaning (Zhang & Parker, 2019), but fosters organizational innovation (Bakker & Demerouti, 2014). The challenge lies in how organizations can actively identify and seize these opportunities while effectively addressing the obstacles or limitations encountered during the process of job remodeling. This is an urgent issue that requires practical solutions.

Since researchers (Wrzesniewski & Dutton, 2001) formally introduced the concept of job crafting, the body of research in this area has experienced significant growth. In addition to interpreting the conceptual connotation of job crafting based on different theoretical foundations and developing corresponding measurement tools, researchers have also explored the many antecedents and consequences of individual job crafting (Rudolph et al., 2017). Among them, research on antecedent variables includes not only the role of individual traits and individual motivations, but also the impact of work characteristics and social situations. The analysis of individual job crafting outcome variables mainly includes the impact on individual attitudes, behaviours, psychological resources, and career development (Lichtenthaler & Fischbach, 2016).

Strategic flexibility is considered an essential capability for entrepreneurial ventures to rejuvenate their strategies (Dai et al., 2018) and to recognize new resources that align with evolving circumstances (Nadkarni & Narayanan, 2007). It acts as "an organizing principle for coordinating and structuring various resources and functional units"(Zhou & Wu, 2010), allowing entrepreneurial ventures to rapidly identify new solutions for current demands. Consequently, strategic flexibility embodies an organization's capacity to react promptly "to unexpected outcomes arising from predictable changes"(Nadkarni & Herrmann, 2010). According to upper echelon theory, the founder or founding team of an entrepreneurial venture is regarded as the primary decision-maker in strategic matters (Hollen et al., 2013), influencing the entire organization. Strategic flexibility fundamentally fosters the establishment of capabilities that enable an organization to deliver exceptional value to its

customers consistently (Tuominen et al., 2004). This is achieved through the creation and execution of adaptable organizational strategies. Such flexible approaches improve the firm's capacity to produce a variety of responses necessary for maintaining a competitive advantage (Sok & O'Cass, 2011).

The concept of psychosocial safety climate (PSC) arose from researchers integrating diverse theories and findings concerning work-related stress, safety climate, psychosocial risks, and organizational climate. PSC represents an element of organizational climate that reflects the commitment and support provided by managers to safeguard the mental health and safety of employees. Scholar (Dollard & Bakker, 2010) introduced the term "psychosocial safety climate," which encompasses the organizational policies, practices, and procedures aimed at protecting employee mental health and safety, as well as the extent of support and acknowledgment provided by these organizations internally (Idris et al., 2012). Predicting mental health and work engagement pathways through mediation and moderation. Other scholar (Dollard & McTernan, 2011) indicated that a deficiency in PSC within organizations may result in inadequate job design and persistent job demands.

Researchers (Loh et al., 2021) investigate the connection between PSC and various leadership styles, focusing on how approaches such as PSC leadership and transformational leadership affect the levels and intensity of PSC over time. Their investigation reveals the varying effects of PSC-specific leadership compared to transformational leadership on the evolution and alignment of PSC within teams, providing valuable perspectives on how different leadership styles affect organizational psychological well-being and the safety climate. While there is an expanding body of research examining the connection between PSC and various leadership styles, there has been insufficient focus on investigating the relationship specifically between entrepreneurial leadership and PSC.

2.3 Entrepreneurial Leadership and Organizational Innovation

Effective functioning in any organization hinges on leadership. The essence of leadership's impact lies in its ability to inspire human resources, which represent a crucial competitive advantage for organizations, ultimately leading to significant outcomes. The effectiveness of an organization depends on the leadership skills of its management. When enhanced objectives and an entrepreneurial mindset are woven into the fluid dynamics of leadership, entrepreneurial leadership arises, holding the potential to reshape the world (Liden et al., 2008; Renko et al., 2015).

Entrepreneurial leadership involves a range of initiatives focused on establishing a business at the individual level, responding to developments within an organization, and leveraging market opportunities and potentials for profit (Kempster & Cope, 2010). Researchers have identified two primary approaches concerning the competencies required for entrepreneurial leadership, which encompass the essential skills needed to perform leadership functions and responsibilities associated with entrepreneurial endeavors (Lans & Mulder, 2009). Firstly, the 'work-oriented approach' perceives entrepreneurial leadership competencies as crucial attributes that leaders must possess to effectively manage the challenging roles and responsibilities encountered throughout various phases of business growth and development

(Swiercz & Lydon, 2002). An examination of the few definitions that exist for entrepreneurial leadership indicates that the majority of scholars emphasize three essential personal competencies crucial for entrepreneurial leaders: proactiveness, innovativeness, and risk-taking (Surie & Ashley, 2008). Secondly, the ‘socio-cultural and situated approach’ characterizes the growth of entrepreneurial leadership as a social phenomenon defined by ongoing and incremental learning and a process of ‘becoming,’ which takes place within specific contexts and communities (Kempster & Cope, 2010).

Entrepreneurs engage in their business activities with a firm dedication to leadership, which assists them in sustaining a prosperous enterprise for the future (Hussain & Baoming, 2022). Entrepreneurial leadership primarily emphasizes the application of various skills to engage in innovative and resourceful practices within a competitive landscape (Paudel, 2019). Entrepreneurial leaders possess the ability to anticipate and address potential challenges through effective negotiation with both internal and external stakeholders. Additionally, they can persuade key players, secure vital resources and information, and eliminate obstacles to reach their intended objectives. In addition, entrepreneurial leadership holds significant potential for fostering innovative changes within the marketplace. It enhances employee performance related to entrepreneurial success and is crucial for any developmental initiatives.

The growing acknowledgment (Newman et al., 2018; Yoshida et al., 2014) of leadership's significance in both the creation and implementation of innovative business concepts clearly highlights the importance of entrepreneurial leadership. Research in entrepreneurship has shown the positive effects of leadership on recognizing and leveraging opportunities for new ventures. Entrepreneurs are visionaries who mobilize resources from various stakeholders, including partners, suppliers, and employees, to pursue their business concepts (Parente et al., 2018). Consequently, entrepreneurial leaders align their leadership approach with their businesses' strategic goals while also considering their contributions to society (Lanctot & Irving, 2010). In summary, entrepreneurial leadership refers to managers capable of confronting challenges, evaluating opportunities, pursuing growth, and being innovative, creative, and strategic in their approaches. Entrepreneurial leaders possess self-awareness and an understanding of their surrounding environment, enabling them to identify potential opportunities that can enhance value for the business, stakeholders, and the community. The primary motivation for leaders lies in their passion and aspiration to create opportunities that are social, ecological, and economic in nature.

The context in which businesses operate is becoming increasingly dynamic (Hollen et al., 2013). As innovation has gained significance for organizations, it has also emerged as a pertinent area of study, experiencing substantial growth in the last few decades (Damanpour & Aravind, 2012). Innovation serves as a potential marker of creativity and is crucial for organizational growth and market success. Numerous scholars (Fartash et al., 2018; Liao et al., 2012) emphasize that organizational innovation is an essential element for maintaining firm growth and enhancing overall profitability.

Some scholars argue that organizational innovation encompasses the adoption and execution

of novel strategies and practices, both internally and externally, aimed at fostering change within the organization (Ali & Anwar, 2021). Organizational innovation has a strong connection to firm performance, market share, and growth. Specifically, the manual (OECD & Communities, 2005) indicates that organizational innovation within business practices encompasses the adoption of novel approaches to organizing routines and processes. This may include developing databases that compile best practices, improving employee retention strategies, or introducing new management systems. Additionally, innovation within workplace organization entails the implementation of new strategies for allocating responsibilities and decision-making among employees concerning task distribution, as well as the creation of novel frameworks for structuring activities. Lastly, innovations in organizational approaches for managing external relationships emphasize the development of new methods to oversee connections with other companies or public entities, including partnerships with research institutions or clients, integrating with suppliers, or utilizing outsourcing strategies. Furthermore, organizational innovation enhances business performance by fostering workplace knowledge, employee satisfaction, and flexibility, all of which are crucial for facilitating organizational change and progress. Since organizational innovation has the potential to generate value, it influences management to adopt innovative practices that boost efficiency and competitiveness. Innovation drives improvements in products, processes, and technologies, which are advantageous for developing new and improved marketing strategies to enhance organizational performance in future research (Chatzoglou & Chatzoudes, 2018). Therefore, innovation is vital for sustained success and plays a significant role in establishing a competitive edge. Organizations that emphasize innovation are the ones capable of achieving exceptional performance and ensuring stability amid environmental fluctuations.

An extensive examination of the literature surrounding organizational innovation highlights a significant gap, especially in terms of a thorough understanding and its implications for entrepreneurial leadership. Early research primarily focused on aspects such as learning, evolution, and the application of innovation (Fernandes Rodrigues Alves et al., 2018). Conversely, more contemporary research has redirected focus toward fundamental concepts, knowledge, capabilities, and human resources, presenting these as novel dimensions in the realm of organizational innovation.

3. The Present Study

The conceptual framework of this study is grounded in the theoretical background, which serves as its foundation. The current research aims to examine the factors influencing entrepreneurial leadership and to investigate the positive effects associated with entrepreneurial leadership. This research will specifically examine how entrepreneurial passion and learning capability influence entrepreneurial leadership, as well as the contribution of entrepreneurial leadership to organizational innovation. In addition, it is also necessary to explore the moderating role of strategic flexibility, job crafting and psychosocial safety climate in the process of entrepreneurial leadership affecting organizational innovation. The specific research objectives are to:

- (a) Examine the connection between entrepreneurial passion and entrepreneurial leadership among small and medium-sized enterprise (SME) entrepreneurs in China.
- (b) Investigate the association between learning capability and entrepreneurial leadership among entrepreneurs in small and medium-sized enterprises (SMEs) in China.
- (c) Examine the connection between entrepreneurial leadership and organizational innovation among entrepreneurs in small and medium-sized enterprises (SMEs) within China.
- (d) Investigate the mediating role of entrepreneurial leadership in the relationship between entrepreneurial passion and organizational innovation among entrepreneurs in small and medium-sized enterprises (SMEs) in China.
- (e) Investigate the mediating influence of entrepreneurial leadership in the relationship between learning capability and organizational innovation among entrepreneurs in small and medium-sized enterprises (SMEs) within China.
- (f) Examine how the role of strategic flexibility influences the relationship between entrepreneurial leadership and organizational innovation among entrepreneurs in small and medium-sized enterprises (SMEs) in China.
- (g) Examine the role of job crafting to moderate the association of entrepreneurial leadership and organizational innovation among SME entrepreneurs in China.
- (h) Examine how the psychosocial safety climate influences the relationship between entrepreneurial leadership and organizational innovation among entrepreneurs in small and medium-sized enterprises (SMEs) in China.

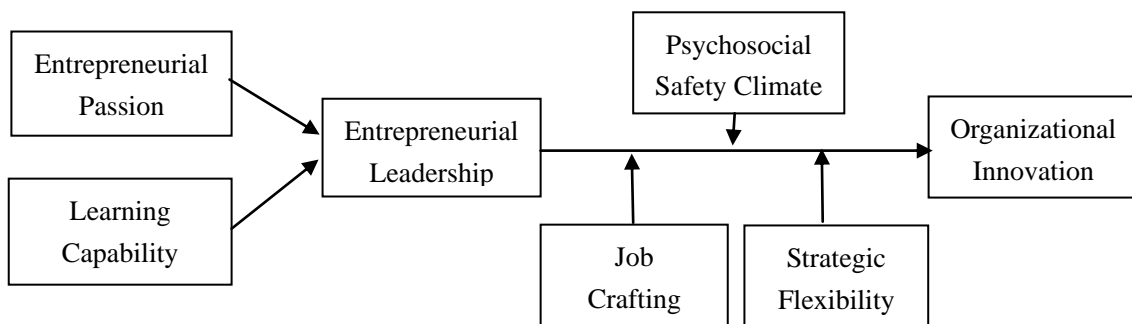


Figure 1. Framework

4. Discussion

In 2007 research identified that entrepreneurs are the main catalysts for corporate evolution, with entrepreneurial leadership serving as the key internal force for business growth (Ahn & Meeks, 2008). It is noted that the unique personal and behavioral characteristics of entrepreneurs significantly impact their entrepreneurial pursuits and, in turn, dictate the growth trajectory of their businesses. In 2008, Scholars (Gans et al., 2008) employed a content analysis method to assess the available literature, concluding that investigations in this field mainly concentrate on the evolutionary trajectories of organizations, factors

affecting growth, mechanisms of incubation, and the influence of environmental variables. Therefore, analyzing SMEs through the perspective of entrepreneurial leadership not only enhances the theoretical understanding of entrepreneurial leadership within SMEs but also reveals new pathways for their development. This study provides valuable insights for practitioners seeking to enhance their leadership approaches, as well as for researchers interested in investigating the connection between entrepreneurial leadership and organizational innovation.

China as a developing country in the process of economic transformation, mastering innovative technology will have core competitiveness. Among them, entrepreneurial leadership is of great significance to the company's transformation and development. Therefore, it is extremely important to analyze the factors that affect entrepreneurial leadership, which will help entrepreneurs better manage their companies. So that this thesis will add the new knowledge of entrepreneurial leadership in SME companies in developing economies.

As the world economic competition intensifies, the development prospects of Chinese enterprises become more uncertain. However, due to the high uncertainty and complexity of R&D activities, high-quality innovation activities often require mobilizing a large amount of cross-departmental enterprise resources. Therefore, this paper will improve the factors that affect entrepreneurial leadership, so as to help enterprises better exert their entrepreneurial leadership.

This research examines entrepreneurial leadership, focusing on the factors that influence it and the effects that entrepreneurial leadership has. At present, the majority of studies treat entrepreneurial leadership as an independent variable in order to examine its effects. This thesis, in contrast, positions entrepreneurial leadership as an intermediary variable and further examines the factors influencing entrepreneurial leadership, building upon an exploration of its impact. This study represents a significant innovation aimed at developing a framework for entrepreneurial leadership and identifying key gaps in the current literature on the subject.

The object of this research is the SME companies in China. As an emerging economy undergoing transformation, mastering innovative technology will have core competitiveness. Among them, entrepreneurial leadership is of great significance to the company's transformation and development. Therefore, it is extremely important to analyze the factors that affect entrepreneurial leadership, which will help entrepreneurs better manage their companies. So that this thesis will add the new knowledge of entrepreneurial leadership in SME companies in developing economies. Moreover, the research adds psychosocial safety climate as a moderator. So far no study about entrepreneurial focus on PSC. It is an innovation.

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